

ST. PAUL'S UNITED CHURCH

Financial Statements

December 31, 2020

ST. PAUL'S UNITED CHURCH
Financial Statements
December 31, 2020

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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Congregational Board of ST. PAUL'S UNITED CHURCH

We have reviewed the accompanying financial statements of ST. PAUL'S UNITED CHURCH that comprise the statement of financial position as at December 31, 2020 and 2019, and the statements of operations, changes in fund balances and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our reviews. We conducted our reviews 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.

Basis for Qualified Conclusion

Note 1 (c) to the financial statements describes the Church's policy with respect to its capital assets. The note also indicates that the Church is not amortizing these assets. In this respect, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The effects of this departure from Canadian generally accepted accounting principles on the unaudited financial statements has not been determined.

In common with many not-for-profit organizations, the Church derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Church. Therefore, we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets and net assets as at December 31, 2020 and 2019. Our review conclusion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our reviews, except for the effect of the matters described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of ST. PAUL'S UNITED CHURCH as at December 31, 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

CHARTERED PROFESSIONAL ACCOUNTANTS

Fredericton, New Brunswick
March 28, 2021

ST. PAUL'S UNITED CHURCH

Statement of Operations

For the Years Ended December 31	2020			2019				
	OPERATING FUND			RESTRICTED FUNDS				
	Budget	Actual	Actual	Housing Fund	Capital Foundation	Trust Funds	Total	Total
REVENUE								
Collections/Contributions (Operating - Note 2)	\$ 216,000	\$ 232,126	\$ 233,770	\$ -	\$ 10,575	\$ 25,575	\$ 36,150	\$ 31,536
Facility and property income	40,000	30,305	55,120	69,398	-	-	69,398	72,305
Other givings (Note 4)	35,000	11,920	36,989	-	-	-	-	-
Management fees	24,000	24,000	13,600	-	-	-	-	-
Government assistance (Note 3)	-	23,492	3,596	-	-	-	-	-
Investment income (Note 5)	-	1,524	1,878	-	10,380	6,380	16,760	24,444
Interest on loans to other funds (Note 18)	-	-	-	-	-	6,500	-	-
M & S givings	-	14,344	8,266	-	-	-	-	-
	<u>315,000</u>	<u>337,711</u>	<u>353,219</u>	<u>69,398</u>	<u>20,955</u>	<u>38,455</u>	<u>122,308</u>	<u>128,285</u>
Less: M & S givings disbursed	-	14,344	8,266					
NET REVENUE	<u>315,000</u>	<u>323,367</u>	<u>344,953</u>					
EXPENDITURES								
Salaries and benefits	200,000	233,631	261,516					
Church and hall buildings (Note 6)	81,626	63,189	92,720					
Other operating (Note 7)	23,538	27,699	27,317					
Appropriations (Note 8)	-	19,284	21,293					
Expenditures (Note 9)	-	-	-	-	15,639	32,123	47,762	18,064
Rental property expenses	-	-	-	14,420	-	-	14,420	10,030
Management fees	-	-	-	24,000	-	-	24,000	13,600
Interest on loans from other funds (Note 18)	-	-	-	6,500	-	-	-	-
Interest on long-term debt	-	-	-	5,578	3,641	-	9,219	12,384
	<u>305,164</u>	<u>343,803</u>	<u>402,846</u>	<u>50,498</u>	<u>19,280</u>	<u>32,123</u>	<u>95,401</u>	<u>54,078</u>
SURPLUS (DEFICIT) BEFORE EXTRAORDINARY ITEMS	9,836	(20,436)	(57,893)	18,900	1,675	6,332	26,907	74,207
Special Bequests	10,000	-	10,682	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 19,836	\$ (20,436)	\$ (47,211)	\$ 18,900	\$ 1,675	\$ 6,332	\$ 26,907	\$ 74,207

ST. PAUL'S UNITED CHURCH

Statement of Changes in Fund Balances

For the Years Ended December 31	2020	2019	2020	2019					
	<u>OPERATING FUND</u>			<u>RESTRICTED FUNDS</u>					
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Capital</u>	<u>Housing Fund</u>	<u>Capital Foundation</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Total</u>
BALANCE - BEGINNING OF YEAR	\$ (67,177)	\$ (67,177)	\$ (20,293)	\$ 3,042,324	\$ 365,673	\$ 71,258	\$ 201,752	\$ 3,681,007	\$ 3,607,127
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	19,836	(20,436)	(47,211)	-	18,900	1,675	6,332	26,907	74,207
INTERFUND TRANSFERS (Note 10)	<u>-</u>	105,020	<u>327</u>	<u>(3,042,324)</u>	<u>(104,698)</u>	<u>3,042,324</u>	<u>(322)</u>	(105,020)	<u>(327)</u>
BALANCE - END OF YEAR	\$ (47,341)	\$ 17,407	\$ (67,177)	\$ -	\$ 279,875	\$ 3,115,257	\$ 207,762	\$ 3,602,894	\$ 3,681,007

ST. PAUL'S UNITED CHURCH

Statement of Financial Position

December 31

2020

2019

	<u>Operating Fund</u>	<u>Housing Fund</u>	<u>Capital Foundation</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Total</u>
ASSETS						
CURRENT						
Cash	\$ 39,338	\$ 34,454	\$ 32,983	\$ -	\$ 106,775	\$ 106,020
Short-term investments (Note 11)	17,589	-	185,481	73,585	276,655	247,657
Accounts receivable (Note 12)	4,337	647	-	289	5,273	4,256
Prepaid expenses	12,886	3,506	-	-	16,392	8,647
Due from Other Funds (Note 17)	-	-	13,248	-	-	-
Loans receivable from Other Funds (Note 18)	-	-	-	133,888	-	-
	<u>74,150</u>	<u>38,607</u>	<u>231,712</u>	<u>207,762</u>	405,095	<u>366,580</u>
LONG-TERM INVESTMENTS (Note 13)	-	-	-	-	-	38,189
CAPITAL (Note 14)	<u>-</u>	<u>517,745</u>	<u>2,986,000</u>	<u>-</u>	3,503,745	<u>3,503,745</u>
	\$ 74,150	\$ 556,352	\$3,217,712	\$ 207,762	\$3,908,840	\$3,908,514

ST. PAUL'S UNITED CHURCH

Statement of Financial Position

December 31

2020

2019

	<u>Operating Fund</u>	<u>Housing Fund</u>	<u>Capital Foundation</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Total</u>
LIABILITIES						
CURRENT						
Accounts payables and accruals (Note 15)	\$ 34,244	\$ 2,118	\$ 1,502	\$ -	\$ 37,864	\$ 25,487
Deferred contributions (Note 16)	9,251	4,733	-	-	13,984	13,050
Due to Other Funds (Note 17)	13,248	-	-	-	-	-
Loans payable to Other Funds (Note 18)	-	133,888	-	-	-	-
Current portion of long-term debt	<u>-</u>	<u>8,240</u>	<u>11,950</u>	<u>-</u>	<u>20,190</u>	<u>19,372</u>
	<u>56,743</u>	<u>148,979</u>	<u>13,452</u>	<u>-</u>	<u>72,038</u>	<u>57,909</u>
 LONG-TERM DEBT (Note 19)	 <u>-</u>	 <u>127,498</u>	 <u>89,003</u>	 <u>-</u>	 <u>216,501</u>	 <u>236,773</u>
	<u>56,743</u>	<u>276,477</u>	<u>102,455</u>	<u>-</u>	<u>288,539</u>	<u>294,682</u>
 FUND BALANCES						
Invested in capital assets	-	382,007	2,885,047	-	3,267,054	3,172,793
Externally restricted	-	-	-	207,762	207,762	204,086
Internally restricted (Note 20)	-	55,000	230,210	-	285,210	180,248
Unrestricted	<u>17,407</u>	<u>(157,132)</u>	<u>-</u>	<u>-</u>	<u>(139,725)</u>	<u>56,705</u>
	<u>17,407</u>	<u>279,875</u>	<u>3,115,257</u>	<u>207,762</u>	<u>3,620,301</u>	<u>3,613,832</u>
	\$ 74,150	\$ 556,352	\$ 3,217,712	\$ 207,762	\$ 3,908,840	\$ 3,908,514

CONTINGENCY (Note 22)

APPROVED BY:

_____ Congregational Board

_____ Finance Committee

ST. PAUL'S UNITED CHURCH

Statement of Cash Flows

For the Years Ended December 31	2020	2019	2020	2019			
	OPERATING FUND		RESTRICTED FUNDS				
	Actual	Actual	Housing Fund	Capital Foundation	Trust Funds	Total	Total
OPERATING ACTIVITIES							
Amount received from donors	\$ 258,631	\$ 289,901	\$ -	\$ 10,575	\$ 15,575	\$ 26,150	\$ 31,536
Amount paid to suppliers and employees	(354,868)	(396,116)	(21,285)	(5,039)	(32,124)	(58,448)	(25,899)
Amount received from investments	184	199	982	15,195	598	16,775	11,885
Amount received from rental property	30,305	55,120	69,307	-	-	69,307	72,113
Interest paid on long-term debt	-	-	(5,578)	(3,641)	-	(9,219)	(12,385)
Government assistance	23,492	3,596	-	-	-	-	-
	<u>(42,256)</u>	<u>(47,300)</u>	<u>43,426</u>	<u>17,090</u>	<u>(15,951)</u>	<u>44,565</u>	<u>77,250</u>
FINANCING ACTIVITIES							
Amount received from (paid to) other funds	25,352	85,384	(68,180)	26,279	16,549	(25,352)	(85,384)
Payment of long-term debt	-	-	(7,851)	(11,604)	-	(19,455)	(18,729)
	<u>25,352</u>	<u>85,384</u>	<u>(76,031)</u>	<u>14,675</u>	<u>16,549</u>	<u>(44,807)</u>	<u>(104,113)</u>
INVESTING ACTIVITIES							
Proceeds from disposal of investments	-	-	30,000	-	-	30,000	67,178
Acquisition of investments	(2,499)	(12,072)	-	(9,002)	(598)	(9,600)	(23,674)
Acquisition of capital assets	-	-	-	-	-	-	(945)
	<u>(2,499)</u>	<u>(12,072)</u>	<u>30,000</u>	<u>(9,002)</u>	<u>(598)</u>	<u>20,400</u>	<u>42,559</u>
INCREASE (DECREASE) IN CASH	(19,403)	26,012	(2,605)	22,763	-	20,158	15,696
CASH - BEGINNING OF YEAR	<u>58,741</u>	<u>32,729</u>	<u>37,059</u>	<u>10,220</u>	<u>-</u>	<u>47,279</u>	<u>31,583</u>
CASH - END OF YEAR	\$ 39,338	\$ 58,741	\$ 34,454	\$ 32,983	\$ -	\$ 67,437	\$ 47,279

December 31, 2020

St. Paul's United Church is an historic church located in downtown Fredericton, New Brunswick. The Church's mission is to glorify God through worship, the proclamation of the Gospel of Jesus Christ, and to serve others in Christ's name. The Church is a registered charity and is exempt from tax under the Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting policies of the Church are in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with that of the preceding year, except as noted in c) below. Outlined below are those policies considered particularly significant.

a) Fund Accounting

In order to ensure the observance of limitations and restrictions placed on the use of Church resources, the Church uses the fund basis of accounting. This results in receipts and expenditures being recorded in funds according to the activities or objectives for which they are specifically intended. Interfund loans and advances are presented on the statement of financial position for each fund and eliminated from the total. A brief description of each fund is listed below:

Operating Fund

This fund includes offerings, other givings and income, and operating and administrative expenditures of the Church.

Capital Foundation Fund

This fund includes all receipts specified for the acquisition of capital assets and corresponding expenditures. The fund also includes capital renovations to existing properties which are financed by appropriations from the operating fund when necessary. Investment income earned from the temporary investment of designated contributions is included in this fund.

Housing Fund

This fund includes all revenues and expenses related to rental properties.

December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Trust Funds

There are two types of funds:

- 1) Restricted Trust Funds include receipts for a specific purpose. Contributions are recorded as received and outlays are recorded as paid. Interest is pro-rated according to an approved formula.
- 2) The Memorial Fund includes designated contributions, other than those described above in the Operating Fund, which are not identified for specific purposes. Funds can only be used with the approval of the congregation. Interest earned on this fund is transferred to the Operating Fund.

b) Cash and Cash Equivalents

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

c) Capital Assets

The Church building and Fraser Memorial Hall are recorded at their 1990 appraised values which were based on building costs as of November 1990. Rental properties are recorded at the total of their 1990 appraisal values and the costs incurred to convert the original single-family residences into multi-unit rental properties. No provision for depreciation or amortization is recorded in the financial statements. No gain or loss will be recorded in the statement of operations on disposition of any capital assets.

This policy is not in accordance with Canadian accounting standards for not-for-profit organizations, which require not-for-profit organizations to capitalize and amortize tangible capital assets if the average of annual revenues recognized on the statement of operations for the current or preceding period is greater than \$500,000. Once the requirement to capitalize and amortize tangible capital assets is met, based on average annual revenues, an entity is expected to continue to follow this requirement, even if average revenues subsequently fall below \$500,000.

d) Revenue Recognition

The Church uses the restricted fund method of accounting for contributions. Contributions subject to restrictions are recognized as revenue in the appropriate fund when received. Unrestricted contributions are recognized as revenue in the Operating Fund when received. Contributions subject to external restrictions where no separate restricted fund is presented are recorded as deferred contributions. Allocation of resources that result from the imposition of internal restrictions are recorded as interfund transfers to (from) the restricted funds.

e) Contributed Services and Donations in Kind

A substantial number of volunteers contribute a significant amount of time to the Church each year. Because of the difficulty of determining fair value, contributed services are not recognized in the financial statements.

December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Church also receives donations in kind. These amounts are recorded in the Statement of Operations as Other Givings (Operating Fund) and Contributions (Restricted Funds), and the related expenses are recorded in various expense accounts, as appropriate. The total amount of donations in kind received during the year was \$6,929 (2019 - \$8,433).

f) Use of Estimates

Financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amount of assets and liabilities as well as reported amounts of revenue and expenditures during the period. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

g) Financial Instruments

The Church's financial instruments recognized on the statement of financial position consist of cash, accounts receivable, investments, accounts payable and accruals, and long-term debt.

Measurement of Financial Instruments

The Church initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Church subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Interest Rate Risk

The Church may be exposed to interest rate risk on its long-term debt and does not currently hold any financial instruments that mitigate this risk. As the debt currently in place has a fixed rate of interest over the full term of the debt, management does not believe it has significant exposure to interest rate risk at this time.

Market Risk

The Church is exposed to market risk on its investments. Market risk is the risk that the fair value of the investments will fluctuate as a result of changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk.

ST. PAUL'S UNITED CHURCH**Notes to Financial Statements**

December 31, 2020

2. COLLECTIONS / CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>
Envelopes	\$ 227,364	\$ 217,555
Loose	1,018	13,652
Seasonal collections	<u>3,744</u>	<u>2,563</u>
	<u>\$ 232,126</u>	<u>\$ 233,770</u>

3. GOVERNMENT ASSISTANCE

The Church owns two rental properties which provide accommodations at rates scaled to tenants' income. In relation to these properties, the Church has entered into two agreements with the Province of New Brunswick, whereby the Province subsidizes rents charged to tenants, up to market rents specified in the agreements. The agreements expire in 2029 and 2033. Property income reported for the Housing Fund on the Statement of Operations includes Provincial subsidies of \$54,787 (2019 - \$52,842).

The Church also received \$23,492 of from the Federal Government in Canadian Emergency Wage Subsidies (CEWS) during the year.

4. OTHER GIVINGS

	<u>2020</u>	<u>2019</u>
United Church Women	\$ 5,100	\$ 10,000
Benevolent fund	283	253
Pantry fund	3,706	1,827
Fundraising events	1,081	7,822
Miscellaneous	<u>1,750</u>	<u>7,064</u>
	11,920	26,966
Special project - Masonry work and replacement doors	<u>-</u>	<u>10,023</u>
	<u>\$ 11,920</u>	<u>\$ 36,989</u>

5. INVESTMENT INCOME

	<u>2020</u>	<u>2019</u>
<u>Operating Fund</u>		
Income received and reinvested	\$ 185	\$ 199
Change in market value	<u>1,339</u>	<u>1,679</u>
	<u>\$ 1,524</u>	<u>\$ 1,878</u>
<u>Capital Fund</u>		
Income received and reinvested	\$ -	\$ 45
Change in market value	<u>-</u>	<u>305</u>
	<u>\$ -</u>	<u>\$ 350</u>

ST. PAUL'S UNITED CHURCH**Notes to Financial Statements**

December 31, 2020

5. INVESTMENT INCOME (continued)

	<u>2020</u>	<u>2019</u>
<u>Housing Fund</u>		
Income received and reinvested	\$ -	\$ 1,475
	<u> </u>	<u> </u>
<u>Capital Foundation Fund</u>		
Income received and reinvested	\$ 5,908	\$ 9,616
Change in market value	4,472	7,089
	<u> </u>	<u> </u>
	\$ 10,380	\$ 16,705
	<u> </u>	<u> </u>
<u>Trust Funds</u>		
Income received and reinvested	\$ 697	\$ 749
Change in market value	5,683	5,165
	<u> </u>	<u> </u>
	\$ 6,380	\$ 5,914
	<u> </u>	<u> </u>

6. CHURCH AND HALL BUILDINGS

	<u>2020</u>	<u>2019</u>
<u>Operating Fund</u>		
Fuel	\$ 20,830	\$ 30,370
Electricity	15,547	13,019
Insurance	10,911	15,465
Building repairs and maintenance	6,155	15,754
Boiler repairs and maintenance	5,967	5,831
Snow and garbage removal	3,779	12,281
	<u> </u>	<u> </u>
	\$ 63,189	\$ 92,720
	<u> </u>	<u> </u>

7. OTHER OPERATING

	<u>2020</u>	<u>2019</u>
Accounting and bookkeeping fees	\$ 9,363	\$ 6,509
Book allowances	515	741
Office supplies, postage and computer	5,482	3,913
Mileage and meal allowance	611	2,284
Bank charges	3,263	3,653
Telephone and internet	3,859	4,474
Miscellaneous	617	2,520
Benevolent & White gift fund	283	253
Observer	-	240
Pantry fund	3,706	1,827
Fundraising events	-	903
	<u> </u>	<u> </u>
	\$ 27,699	\$ 27,317
	<u> </u>	<u> </u>

ST. PAUL'S UNITED CHURCH**Notes to Financial Statements**

December 31, 2020

8. APPROPRIATIONS

	<u>2020</u>	2019
Presbytery allocation	\$ 13,201	\$ 13,401
St. Paul's Christian Education Committee	1,071	2,865
St. Paul's Partnership Committee	556	1,677
St. Paul's Worship Committee	4,363	3,294
St. Paul's Community Committee	<u>93</u>	<u>56</u>
	<u>\$ 19,284</u>	<u>\$ 21,293</u>

9. EXPENDITURES

	<u>2020</u>	2019
<u>Capital Foundation Fund</u>		
Steeple repairs and other restoration	\$ -	\$ 3,330
Professional fees	5,626	11,966
Concert piano contribution	10,000	-
Bank service charges	<u>13</u>	<u>-</u>
	<u>\$ 15,639</u>	<u>\$ 15,296</u>
<u>Trust Funds</u>		
Dr. Ross Wright Endowment	\$ -	\$ 246
Gough Family	-	1,377
Organ and Chimes	1,123	1,145
Terry Pond Memorial	<u>31,000</u>	<u>-</u>
	<u>\$ 32,123</u>	<u>\$ 2,768</u>

10. INTERFUND TRANSFERS

During the year, the Operating Fund received a transfer of interest income of \$322 (2019 - \$327) from the Memorial Fund.

During the year, the Operating Fund received a transfer of surplus from the Housing Fund of \$104,698 (2019 - \$0) which represents the amount due from Operating to Housing at the end of the year.

During the year, the Capital Fund and the Foundation Fund were combined into a joint Capital Foundation Fund. The assets of the Capital Fund were transferred to the Foundation Fund and represented an interfund transfer of \$3,042,324 (2019 - \$0).

ST. PAUL'S UNITED CHURCH

Notes to Financial Statements

December 31, 2020

11. SHORT-TERM INVESTMENTS

The Church holds the following investments:

	2020	2019
Investment portfolio - Investment Savings Accounts	\$ 43,461	\$ 43,189
Investment portfolio - Mutual Funds	225,005	204,468
Term deposit at 1.20%, due January 30, 2021	8,189	-
	\$ 276,655	\$ 247,657

The investments are allocated as follows:

	2020	2019
Operating	\$ 17,589	\$ 13,751
Capital Fund	-	3,559
Capital Foundation Fund	185,481	171,231
Trust Funds	73,585	59,116
	\$ 276,655	\$ 247,657

As described in Note 1 (g) above, the fair value of the Church's short-term investments will fluctuate due to changes in market prices. The cumulative unrealized gains (losses) as at December 31 have been allocated as follows:

	2020	2019
Operating	\$ 3,018	\$ 1,678
Capital Fund	777	435
Capital Foundation Fund	(658)	(5,131)
Trust Funds	12,900	7,217
	\$ 16,037	\$ 4,199

12. ACCOUNTS RECEIVABLE

	Operating Fund	Housing Fund	Capital Foundation	Trust Funds	2020 Total
Rent receivable	\$ -	\$ 577	\$ -	\$ -	\$ 577
HST receivable	3,964	70	-	-	4,034
Accrued interest	-	-	-	289	289
Donations in transit	373	-	-	-	373
	\$ 4,337	\$ 647	\$ -	\$ 289	\$ 5,273

ST. PAUL'S UNITED CHURCH

Notes to Financial Statements

December 31, 2020

12. ACCOUNTS RECEIVABLE (continued)

	Operating Fund	Housing Fund	Capital Foundation	Trust Funds	2019 Total
HST receivable	\$ 2,246	\$ 236	\$ 603	\$ -	\$ 3,085
Accrued interest	<u>-</u>	<u>982</u>	<u>-</u>	<u>189</u>	<u>1,171</u>
	<u>\$ 2,246</u>	<u>\$ 1,218</u>	<u>\$ 603</u>	<u>\$ 189</u>	<u>\$ 4,256</u>

13. LONG-TERM INVESTMENTS

	<u>2020</u>	2019
The Church holds the following investments:		
Home Trust Company GIC at 3.16%, due December 18, 2020	\$ -	\$ 30,000
Term deposit at 1.2%, due February 1, 2021 (moved to short-term investments)	<u>-</u>	<u>8,189</u>
	<u>\$ -</u>	<u>\$ 38,189</u>

The investments are allocated as follows:

Housing Fund	\$ -	\$ 30,000
Restricted Trust Funds		
General	<u>-</u>	<u>8,189</u>
	<u>\$ -</u>	<u>\$ 38,189</u>

14. CAPITAL ASSETS

	<u>2020</u>	2019
<u>Capital Foundation Fund</u>		
Land - 427 Charlotte St., Fredericton, NB	\$ 31,000	\$ 31,000
Land - 429 Charlotte St., Fredericton, NB	30,000	30,000
Church and Fraser Memorial Hall, Fredericton, NB	<u>2,925,000</u>	<u>2,925,000</u>
	<u>2,986,000</u>	<u>2,986,000</u>
<u>Housing Fund</u>		
Building - 230 York St., Fredericton, NB	339,260	339,260
Building - 242 York St., Fredericton, NB	431,095	431,095
Furniture and fixtures - 230 York St., Fredericton, NB	8,519	8,519
Furniture and fixtures - 242 York St., Fredericton, NB	10,402	10,402
Paving	<u>8,469</u>	<u>8,469</u>
	<u>797,745</u>	<u>797,745</u>
Less: Government assistance (Note 22)	<u>(280,000)</u>	<u>(280,000)</u>
	<u>517,745</u>	<u>517,745</u>
	<u>\$3,503,745</u>	<u>\$3,503,745</u>

The Church's accounting policy for capital assets is described in Note 1 (c) above.

ST. PAUL'S UNITED CHURCH

Notes to Financial Statements

December 31, 2020

15. ACCOUNTS PAYABLE

	<u>Operating Fund</u>	<u>Housing Fund</u>	<u>Capital Foundation</u>	2020 Total
Trade payables	\$ 31,495	\$ 2,118	\$ 1,502	\$ 35,115
Payroll remittances	2,131	-	-	2,131
Designated funds to be remitted	<u>618</u>	<u>-</u>	<u>-</u>	<u>618</u>
	\$ 34,244	\$ 2,118	\$ 1,502	\$ 37,864

	<u>Operating Fund</u>	<u>Housing Fund</u>	<u>Capital Foundation</u>	2019 <u>Total</u>
Trade payables	\$ 15,103	\$ 1,699	\$ 1,500	\$ 18,302
Payroll remittances	1,910	-	-	1,910
Designated funds to be remitted	<u>5,275</u>	<u>-</u>	<u>-</u>	<u>5,275</u>
	\$ 22,288	\$ 1,699	\$ 1,500	\$ 25,487

16. DEFERRED CONTRIBUTIONS

Operating Fund

	<u>Benevolent Fund</u>	<u>Refugee Fund</u>	<u>Pantry Fund</u>	<u>Total</u>
Balance - January 1, 2019	\$ 4,486	\$ 114	\$ 3,843	\$ 8,443
Add: Contributions	754	-	2,200	2,954
Gifts-in-kind	-	-	1,847	1,847
Less: Expenditures	<u>(1,653)</u>	<u>-</u>	<u>(2,953)</u>	<u>(4,606)</u>
Balance - December 31, 2019	3,587	114	4,937	8,638
Add: Contributions	1,952	-	1,562	3,514
Gifts-in-kind	110	-	978	1,088
Less: Expenditures	<u>(283)</u>	<u>-</u>	<u>(3,706)</u>	<u>(3,989)</u>
Balance - December 31, 2020	\$ 5,366	\$ 114	\$ 3,771	\$ 9,251

Housing Fund

As described in Note 3, the Church receives rent subsidies from the Province of New Brunswick. Subsidies received in advance of the period for which they apply are presented as Deferred Contributions on the Statement of Financial Position. As at December 31, the Church had received \$4,733 (2019 - \$4,413) in rent subsidies applicable to the following month.

ST. PAUL'S UNITED CHURCH**Notes to Financial Statements**

December 31, 2020

17. DUE TO (FROM) OTHER FUNDS

	<u>2020</u>	<u>2019</u>
<u>Operating Fund</u>		
Due to Capital Fund	\$ -	\$ 52,765
Due to Housing Fund	-	116,232
Due to (from) Capital Foundation Fund	<u>13,248</u>	<u>(28,976)</u>
	<u>13,248</u>	<u>140,021</u>
<u>Due to (from) Trust Funds</u>		
Nellie MacKay Memorial	-	(3,444)
Wark Estate	-	(746)
Dr. Ross Wright Endowment	-	(6,759)
Theological Scholarship	-	(3,315)
St. Paul's Scholarship	-	(394)
David William Johnston Hilder Memorial	-	(3,359)
Organ/Chimes	-	(5,518)
NRD Centre	-	45
Gough Family	-	(7,453)
Memorial	-	(22,560)
Terry Pond Memorial	-	3,185
	<u>-</u>	<u>(50,318)</u>
	<u>\$ 13,248</u>	<u>\$ 89,703</u>
<u>Housing Fund</u>		
Due (from) Operating Fund	\$ -	\$ (116,232)
Due to Capital Foundation Fund	<u>-</u>	<u>2,237</u>
	<u>\$ -</u>	<u>\$ (113,995)</u>
<u>Capital Foundation</u>		
Due (from) Housing Fund	\$ -	\$ (2,237)
Due to (from) Operating Fund	<u>(13,248)</u>	<u>28,976</u>
	<u>\$ (13,248)</u>	<u>\$ 26,739</u>
<u>Trust Funds</u>		
Due to Operating Fund	<u>\$ -</u>	<u>\$ 50,318</u>

The Church does not maintain separate bank accounts for the various small trust funds it manages. As a result, donations received and expenses paid on behalf of those funds flow through the Operating Fund's bank account, and are allocated to the interfund accounts. On occasion, similar transactions occur with the Capital Foundation and Housing Fund accounts. In addition, monthly payments on the Capital Foundation mortgage are made from the Operating Fund bank accounts.

Interfund loans, which are accounted for separately, are described in Note 18. During the course of the year, most of these balances were settled, leaving only one between Operating and Capital Foundation.

ST. PAUL'S UNITED CHURCH**Notes to Financial Statements**

December 31, 2020

18. INTERFUND LOANS

	<u>2020</u>	<u>2019</u>
<i>Loans Receivable</i>		
<u>Capital Foundation</u>		
Loan to Housing Fund - 3.95% with no set terms of repayment (repaid in 2020)	\$ -	\$ 30,000
<u>Trust Funds</u>		
Gough Family Trust loan to Housing Fund	\$ 101,500	\$ 101,500
- \$6,500 annual interest	<u>32,388</u>	<u>55,864</u>
Accrued interest	<u>133,888</u>	<u>157,364</u>
Trust Funds loan to Operating Fund		
- variable interest rates with no set terms of repayment	-	26,500
Accrued interest (repaid in 2020)	<u>-</u>	<u>712</u>
	<u>-</u>	<u>27,212</u>
	<u>\$ 133,888</u>	<u>\$ 184,576</u>
	<u>2020</u>	<u>2019</u>
<i>Loans Payable</i>		
<u>Operating Fund</u>		
Loan from Trust Funds (see above)	\$ -	\$ 27,212
<u>Housing Fund</u>		
Loan from Gough Family Trust (see above)	\$ 133,888	\$ 157,364
Loan from Capital Foundation Fund (see above)	<u>-</u>	<u>30,000</u>
	<u>\$ 133,888</u>	<u>\$ 187,364</u>

ST. PAUL'S UNITED CHURCH**Notes to Financial Statements**

December 31, 2020

19. LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Mortgage at 3.46% - due June 2022 - payments of \$1,270 per month including interest - secured by property located at 242 York Street, Fredericton, NB (Note 14)	\$ 100,953	\$ 112,557
Loan at 4.88% - due August 2023 - payments of \$1,224 per month including interest - secured by an All Indebtedness Collateral Mortgage over property located at 230 York Street, Fredericton, NB (Note 14)	<u>135,738</u>	<u>143,588</u>
	236,691	256,145
Current portion	<u>20,190</u>	<u>19,372</u>
	\$ 216,501	\$ 236,773

Yearly principal repayments are estimated as follows:

2021	\$ 20,190
2022	97,650
2023	118,850

20. INTERNALLY RESTRICTED FUND BALANCES

	<u>2020</u>	<u>2019</u>
Capital Fund	\$ -	\$ 53,990
Housing Fund Replacement Reserve	55,000	55,000
Capital Foundation Fund	<u>230,210</u>	<u>71,258</u>
	\$ 285,210	\$ 180,248

The Housing Fund Replacement Reserve Fund was established in 2010 in order to provide for major repairs to the rental properties in the future. Each year, management assesses the need for future major repairs, and adjusts the Reserve accordingly.

21. CAPITAL MANAGEMENT

The Church considers its capital to be the restricted and unrestricted fund balances. The Church's objective when managing capital is to safeguard the entity's ability to continue as a going concern in order to continue providing services to its congregation.

December 31, 2020

22. CONTINGENCY

On February 9, 2009, the Church entered into an agreement with the Province of New Brunswick, whereby the Church received funding in the amount of \$120,000 under the Affordable Rental Housing Program. The funds were provided to offset construction costs related to the conversion of the property at 230 York Street into affordable housing rental units. The funding was comprised of a forgivable loan, the terms and conditions of which state that the loan will be forgiven after twenty (20) years if specified conditions are met. If these conditions are not met, the loan becomes payable, with interest at a rate of 4.6%.

On November 9, 2012, the Church entered into a second agreement with the Province of New Brunswick whereby the Church received funding of \$160,000 under the same program. The funds were provided to offset construction costs related to the conversion of the property at 242 York Street into affordable housing rental units. The terms and conditions of the second agreement are essentially the same as the first agreement. The applicable interest rate is 2.9%.

As of the date of these financial statements, the Church is in compliance with the terms of the agreements. As a result, the loans are presented in the financial statements as a reduction of the cost of the capital assets to which the funding pertains and are recorded at face value without accrued interest (see Note 14).

23. COVID-19 PANDEMIC

In March 2020, a worldwide pandemic was declared by the World Health Organization. This pandemic has resulted in a widespread health crisis that has affected the economies and financial markets around the world resulting in an economic downturn. The Church is continually monitoring the potential impact on its operations and, to the date of the authorization of these financial statements, has not been significantly impacted. However, COVID-19 may affect the ability to continue at its current level of operations. The full extent of the impact on the Church's future financial results is uncertain, given the length and severity of these developments and cannot be reliably estimated.

ST. PAUL'S UNITED CHURCH**Schedule of Restricted Trust Funds**

For the Years Ended December 31	2020	2019
NELLIE MacKAY MEMORIAL TRUST		
Balance - beginning of year	\$ 5,485	\$ 4,654
Investment income	723	631
Contributions	<u>-</u>	<u>200</u>
Balance - end of year	\$ 6,208	\$ 5,485

Capital and interest are to be used for Sunday School purposes, as approved by the Christian Education Committee.

WARK ESTATE TRUST		
Balance - beginning of year	\$ 5,972	\$ 5,259
Investment income	<u>787</u>	<u>713</u>
Balance - end of year	\$ 6,759	\$ 5,972

Capital of \$3,200 is to be retained in the fund; any additional funds may be used for scholarships for students attending the University of New Brunswick, who are members or adherents of St. Paul's, as approved by the Christian Education Committee.

NRD CENTRE TRUST		
Balance - beginning of year	\$ 7,125	\$ 6,275
Investment income	<u>939</u>	<u>850</u>
Balance - end of year	\$ 8,064	\$ 7,125

Capital and interest may be used in the area of the Nashwaak Valley specified by the Letters Patent of Nashwaak Resource Development Centre, Inc. (This organization was dissolved in 2011.)

DR. ROSS WRIGHT ENDOWMENT		
Balance - beginning of year	\$ 1,065	\$ 846
Investment income	140	115
Contributions	500	350
Expenditures	<u>-</u>	<u>(246)</u>
Balance - end of year	\$ 1,705	\$ 1,065

Capital and interest may be used for the purpose of purchasing supplies as approved by the Music Director.

ST. PAUL'S UNITED CHURCH**Schedule of Restricted Trust Funds**

For the Years Ended December 31	2020	2019
TERRY POND MEMORIAL TRUST		
Balance - beginning of year	\$ 3,185	\$ -
Contributions	24,375	3,185
Expenditures	<u>(31,000)</u>	<u>-</u>
Balance - end of year	<u>\$ (3,440)</u>	<u>\$ 3,185</u>

Funds are to be used for the purchase of a performance quality grand piano for the sanctuary. Any remaining funds are to be used for maintenance of the piano and organ.

THEOLOGICAL SCHOLARSHIP FUND		
Balance - beginning of year	\$ 13,422	\$ 11,821
Investment income	<u>1,768</u>	<u>1,601</u>
Balance - end of year	<u>\$ 15,190</u>	<u>\$ 13,422</u>

Capital and interest may be used to award bursaries to St. Paul's members in religious studies programs, as approved by the Christian Education Committee.

ST. PAUL'S SCHOLARSHIP FUND		
Balance - beginning of year	\$ 7,822	\$ 6,889
Investment income	<u>1,031</u>	<u>933</u>
Balance - end of year	<u>\$ 8,853</u>	<u>\$ 7,822</u>

Capital and interest may be used to award bursaries to students attending post-secondary educational institutions, as approved by the Ministers and the Chair of the Finance Committee.

DAVID WILLIAM JOHNSTON HILDER MEMORIAL FUND		
Balance - beginning of year	\$ 1,780	\$ 1,568
Investment income	<u>234</u>	<u>212</u>
Balance - end of year	<u>\$ 2,014</u>	<u>\$ 1,780</u>

The capital is to be retained in the fund; interest is to be used primarily for the purchase of music for special services, but may be used to purchase music for other occasions, as approved by the Music Director.

ST. PAUL'S UNITED CHURCH**Schedule of Restricted Trust Funds**

For the Years Ended December 31 **2020** **2019**

ORGAN / CHIMES FUND

Balance - beginning of year	\$ 3,312	\$ 3,925
Investment income	436	532
Contributions	700	-
Expenditures	<u>(1,123)</u>	<u>(1,145)</u>
Balance - end of year	<u>\$ 3,325</u>	<u>\$ 3,312</u>

Capital and interest may be used for the purpose of maintaining and enhancing the church organ and chimes, as approved by the Board of Trustees.

GOUGH FAMILY TRUST

Balance - beginning of year	\$ 150,893	\$ 145,770
Interest from loan to Housing Fund	6,500	6,500
Expenditures	<u>-</u>	<u>(1,377)</u>
Balance - end of year	<u>\$ 157,393</u>	<u>\$ 150,893</u>

The capital is to be retained in the fund; interest may be used for general purposes, as approved by the Board of Trustees.

MEMORIAL FUND

Balance - beginning of year	\$ 1,691	\$ 1,691
Investment income	322	327
Transfer interest to Operating Fund	<u>(322)</u>	<u>(327)</u>
Balance - end of year	<u>\$ 1,691</u>	<u>\$ 1,691</u>

RESTRICTED TRUST FUNDS EQUITY **\$ 207,762** **\$ 201,752**
