
ERINDALE UNITED CHURCH
FINANCIAL STATEMENTS
DECEMBER 31, 2022



**CAPSTICK
McCOLLUM**
& ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

To the Congregation of Erindale United Church

Qualified Opinion

We have audited the accompanying financial statements of Erindale United Church, which comprise the statement of financial position as at December 31, 2022 and the statement of operations and changes in fund balance - general fund, the statement of operations and changes in fund balances - designated funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Erindale United Church as at December 31, 2022, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Church derives part of its revenue from collections and contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Church. Therefore, we were not able to determine whether any adjustments might be necessary to collection or contribution revenue, excess (deficit) of revenue over expenses and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and fund balances as at January 1 and December 31 for both the 2022 and 2021 years. The audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility 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 obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



INDEPENDENT AUDITOR'S REPORT

(continued)

Responsibilities of Those Charged with Governance for the Financial Statements

The Church Council are 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 the Church Council 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, the Church Council are 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.

Auditors' 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 auditors' 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 judgment 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.



**CAPSTICK
McCOLLUM**
& ASSOCIATES

INDEPENDENT AUDITORS' REPORT

(continued)

Auditors' Responsibilities for the Audit of the Financial Statements - continued

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 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 the auditors' 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.

CAPSTICK MCCOLLUM & ASSOCIATES

Capstick McCollum & Associates

Oakville, Ontario
March 13, 2023

Chartered Professional Accountants
Licensed Public Accountants

| DECEMBER 31, | 2022 | 2021 |
|--|------------|------------|
| ASSETS | | |
| CURRENT | | |
| Cash - general | \$ 33,381 | \$ 24,257 |
| - restricted | 2,692 | 4,272 |
| Short-term investments - restricted - note 2 | 345,383 | 270,053 |
| Accounts receivable | 2,734 | 3,249 |
| | 384,190 | 301,831 |
| LONG-TERM INVESTMENTS | | |
| - RESTRICTED - note 2 | 33,564 | 101,200 |
| FIXED ASSETS - note 3 | 171,500 | 171,431 |
| | \$ 589,254 | \$ 574,462 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 13,117 | \$ 12,234 |
| Deferred revenue | 5,514 | 6,664 |
| | 18,631 | 18,898 |
| NET ASSETS | | |
| GENERAL FUND | 188,984 | 180,039 |
| DESIGNATED FUNDS | 381,639 | 375,525 |
| | 570,623 | 555,564 |
| | \$ 589,254 | \$ 574,462 |

Lebina Ranche
Council Member

Norma Macintyre
Council Member

Subject to accompanying notes to the financial statements

ERINDALE UNITED CHURCH
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31,

| | (Note 4) Budget 2022 | 2022 | 2021 |
|--|-------------------------|------------|------------|
| REVENUE | | | |
| Regular offerings | \$ 210,000 | \$ 232,058 | \$ 225,167 |
| Building rentals | 78,882 | 78,382 | 76,338 |
| Fundraising | 2,200 | 1,236 | 1,180 |
| Hall rental | 8,200 | 7,170 | 4,515 |
| Miscellaneous | 750 | 930 | 1,358 |
| | 300,032 | 319,776 | 308,558 |
| EXPENDITURES | | | |
| Christian education | 850 | 330 | 859 |
| Congregational care | 300 | 99 | 142 |
| Council and trustees | 6,500 | 6,382 | 4,723 |
| Finance and property | 63,137 | 60,460 | 47,482 |
| Fundraising | - | 156 | 587 |
| Ministry and personnel | 198,150 | 185,837 | 174,705 |
| Outreach | 1,350 | - | 631 |
| Regional council assessment - note 6 | 12,785 | 12,785 | 14,076 |
| Utilities | 27,700 | 26,523 | 25,573 |
| Worship | 6,060 | 4,327 | 2,352 |
| | 316,832 | 296,899 | 271,130 |
| EXCESS OF REVENUE OVER EXPENDITURES BEFORE AMORTIZATION | (16,800) | 22,877 | 37,428 |
| AMORTIZATION | | 22,392 | 20,316 |
| EXCESS OF REVENUE OVER EXPENDITURES | | 485 | 17,112 |
| GENERAL FUND - beginning | | 180,039 | 176,524 |
| | | 180,524 | 193,636 |
| TRANSFERS (TO) FROM DESIGNATED FUNDS - note 9 | 16,800 | 8,460 | (13,597) |
| GENERAL FUND | | \$ 188,984 | \$ 180,039 |

Subject to accompanying notes to the financial statements

ERINDALE UNITED CHURCH
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES -
DESIGNATED FUNDS

FOR THE YEAR ENDED DECEMBER 31,

| | Fund Balances January 1, 2022 | (Note 10) Revenue | Expenditures | Excess (Deficit) Of Revenue Over Expenditures | (Note 9) Transfers To (From) Designated Funds | (Note 9) Transfers (To) From General Fund | Fund Balances December 31, 2022 | Fund Balances December 31, 2021 |
|-------------------------|-------------------------------------|----------------------|--------------|--|--|--|--|---------------------------------------|
| DESIGNATED FUNDS | | | | | | | | |
| Benevolent | \$ 901 | \$ 4,092 | \$ (6,038) | \$ (1,946) | \$ 4,000 | \$ 500 | \$ 3,455 | \$ 901 |
| Capital | 70,350 | 713 | (3,866) | (3,153) | (4,000) | 18,000 | 81,197 | 70,350 |
| Deacon's Cupboard | 4,272 | 338 | (1,918) | (1,580) | - | - | 2,692 | 4,272 |
| Endowment | 150,256 | 3,283 | - | 3,283 | - | 6,000 | 159,539 | 150,256 |
| Manse | 117,500 | 1,499 | - | 1,499 | - | (1,499) | 117,500 | 117,500 |
| Memorial | 10,670 | 1,090 | (690) | 400 | 186 | - | 11,256 | 10,670 |
| Mission and Service | - | 22,298 | (22,298) | - | - | - | - | - |
| Outreach | - | - | - | - | - | 6,000 | 6,000 | - |
| Stained-Glass | 6,576 | 16,307 | (236) | 16,071 | (186) | (22,461) | - | 6,576 |
| Supply Minister | 15,000 | - | - | - | - | (15,000) | - | 15,000 |
| | \$ 375,525 | \$ 49,620 | \$ (35,046) | \$ 14,574 | \$ - | \$ (8,460) | \$ 381,639 | \$ 375,525 |

Subject to accompanying notes to the financial statements

ERINDALE UNITED CHURCH
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, **2022** 2021

CASH PROVIDED FROM (USED FOR):

OPERATING ACTIVITIES

| | | |
|--|---------------|-----------|
| Excess of revenue over expenditures - general fund | \$ 485 | \$ 17,112 |
| Excess of revenue over expenditures - designated funds | 14,574 | 48,527 |
| | 15,059 | 65,639 |
| Items not requiring a cash payment | | |
| Amortization | 22,392 | 20,316 |
| Changes in non-cash working capital | | |
| Accounts receivable | 515 | (855) |
| Accounts payable and accrued liabilities | 883 | (2,023) |
| Deferred revenue | (1,150) | - |
| | 37,699 | 83,077 |

INVESTING ACTIVITIES

| | | |
|--|-----------------|----------|
| (Purchase) of fixed assets | (22,461) | (24,685) |
| (Purchase) of investments - net of disposals | (7,694) | (57,882) |
| | (30,155) | (82,567) |

NET INCREASE IN CASH **7,544** 510

CASH - beginning **28,529** 28,019

CASH **\$ 36,073** \$ 28,529

COMPRISED OF:

| | | |
|----------------|------------------|------------------|
| Cash - general | \$ 33,381 | \$ 24,257 |
| - restricted | 2,692 | 4,272 |
| | \$ 36,073 | \$ 28,529 |

Subject to accompanying notes to the financial statements

ERINDALE UNITED CHURCH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

PURPOSE OF THE ORGANIZATION

Erindale United Church (the "Church"), located in Mississauga, Ontario, is a not-for-profit organization affiliated as a congregation with the United Church of Canada. The Church is a registered charity under the Income Tax Act and is exempt from income taxes under Section 149(1) and able to issue donation receipts for income tax purposes under the registration number 118901354RR0001.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, which are in accordance with Canadian generally accepted accounting principles.

b) Fund accounting

The accounts of the Church are maintained in accordance with the principles of "fund accounting" under the restricted fund method. The various funds in the financial statements have been set to provide program delivery and other services and activities as determined by the Church Council for each fund specified and are internally restricted. The specific purpose of each fund is explained below:

The Benevolent Fund receives donations directly from members for charitable purposes within the Church and the local community. Resources and investment income earned on the resources of the Benevolent Fund are to be used at the discretion of the Minister.

The Capital Fund receives donations directly from members for capital projects that are required to the physical building. Resources and investment income earned on the resources of the Capital Fund are to be used at the discretion of the Church Council for capital projects and major repairs and replacements.

The Deacon's Cupboard Fund receives money that has been donated from members to the church for the registered food bank at St. Peter's Anglican Church. The community churches have agreed to support this food bank. Resources and investment income earned on the resources of the Deacon's Cupboard Fund are to be used on the advice of the food bank to purchase food as needed.

ERINDALE UNITED CHURCH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

b) Fund accounting - continued

The Endowment Fund receives money from members and estates for the long-term financial health of the church. Resources and investment income earned on the resources of the Endowment Fund are to be used at the discretion of both the Board of Trustees and the Church Council for general church activities.

The Manse Fund was originally established from the sale of Erindale's Manse to maintain the capital resources. These funds can be used by the church for large or emergency capital projects. Resources of the Manse Fund are to be used at the discretion of the Board of Trustees and a repayment schedule is established when funds are withdrawn. The Manse Fund should be maintained at \$117,500. When the fund is fully replenished, income earned on the fund assets is transferred to general revenue. The current balance in the fund is \$117,500.

The Memorial Fund receives money that has been donated in memory of church members. Resources and investment income earned on the resources of the Memorial Fund are to be used at the discretion of the Board of Trustees.

The Mission and Service Fund receives money that has been donated from members to the wider United Church of Canada for its mission and service projects both across Canada and around the world. This money is collected on behalf of the United Church of Canada (UCC) and is remitted to UCC at the end of every month. The decisions on how the Mission and Service Funds are spent are not made at the parish level.

The Outreach Fund receives money that has been donated from members to the church for various local initiatives. The decisions on how the Outreach Fund is spent is made by the Church Council.

The Stained-Glass Fund receives money that has been donated from members for the installation of stained glass windows at the front door. The project was completed in 2022.

The Supply Minister Fund received funds from the General Fund to cover the wages for the supply minister when the regular minister went on a study leave. This fund was closed out in 2022 as the regular minister has returned from the study leave.

c) Use of estimates

The preparation of the Church's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported

ERINDALE UNITED CHURCH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

c) Use of estimates - continued

amounts of receipts and disbursements during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results in the future may differ from those estimates made. The significant estimate in the Church's financial statements relates to the useful life of fixed assets subject to amortization.

d) Cash

The Church's policy is to disclose bank balances under cash (general and restricted).

e) Fixed assets

Fixed assets are recorded at cost. Amortization is calculated based on the estimated useful life of the assets on a straight line basis as follows:

| | | |
|--------------------------|----------|----------|
| Building | - | 50 years |
| Building improvements | - | 10 years |
| Computer equipment | - | 4 years |
| Furniture and fixtures - | 10 years | |
| Organ | - | 25 years |
| Parking lot | - | 10 years |

f) Revenue recognition

The Church recognizes all unrestricted offerings, donations and fundraising revenue when received and deposited. Interest on investments is recognized as earned and recorded in the applicable funds (general or designated). Rental revenue is recognized at the beginning of each month in the general fund. Hall rental, and wedding and funeral revenue are recognized in the general fund the year in which the event occurs. Deposit amounts for these events received in a year prior to the event are deferred. Miscellaneous revenue is recognized when received. Restricted donations are recognized in the appropriate designated fund when received.

g) Contributed services and assets

Church members contribute volunteer services to the Church in carrying out its operating activities. Because of the difficulty in determining the fair value of these contributed services, they are not recognized in the financial statements. Contributed fixed assets are recorded at fair value at the date of contribution.

ERINDALE UNITED CHURCH
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

h) 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 liabilities at amortized cost.

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

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

The Church recognizes transaction costs in excess (deficit) of revenue over expenses in the period incurred except for financial instruments that will not be measured subsequently at fair value. The carrying amount of these instruments are adjusted by the transaction costs that are directly attributable to the instrument.

2. SHORT- AND LONG-TERM INVESTMENTS

The Church's short and long-term investments are held in RBC Canadian T-Bill Money Market Funds, an investment in a balanced mutual fund and six GICs (with RBC and Meridian Credit Union) with interest rates ranging from 3.75% to 4.80% per annum. The maturity dates of the GICS range from July 26, 2023 to November 24, 2025.

3. FIXED ASSETS

| | Cost | Accumulated Amortization | 2022 | 2021 |
|------------------------|------------|-----------------------------|------------|------------|
| Land | \$ 25,000 | \$ - | \$ 25,000 | \$ 25,000 |
| Building | 347,920 | 347,920 | - | - |
| Building improvements | 124,813 | 72,920 | 51,893 | 38,880 |
| Computer equipment | 32,070 | 26,169 | 5,901 | 12,840 |
| Furniture and fixtures | 183,805 | 169,780 | 14,025 | 15,637 |
| Organ | 109,818 | 35,137 | 74,681 | 79,074 |
| Parking lot | 14,452 | 14,452 | - | - |
| | \$ 837,878 | \$ 666,378 | \$ 171,500 | \$ 171,431 |

ERINDALE UNITED CHURCH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

4. BUDGETED FIGURES

Budget figures presented on the statement of operations and changes in fund balance - general fund are for information purposes only and are those approved by the Church Council. These figures have not been audited.

5. MAJOR COMMITMENTS

The Church has engaged the services of a company to provide snow removal services for the Church property and building. The contract expires on April 15, 2023 and may be terminated by either party by giving a written notice 60 days prior to termination. Future minimum payments are \$4,355.

The Church entered into a contract to engage the services of a music director. The contract expires on March 31, 2023. This contract does not contain a cancellation clause. Future minimum payments to the music director are \$5,480.

The Church also entered into a contract to engage the services of a communication assistant. The contract expires on June 30, 2023 and may be terminated by either party by giving a written notice 60 days prior to termination. Future minimum payments to the communication assistant are \$1,664.

6. RELATED PARTY TRANSACTIONS

As the Horseshoe Falls Region relies on funding from the local congregations, it is considered to be a related party. During the year, the Church paid assessments to the Horseshoe Falls Region in the amount of \$12,785 (2021 - \$14,076), and these assessments are calculated based on a Regional approved formula.

No remuneration was paid to the Board of Trustees during the year in their capacity as a member of the Church Council.

The related party transactions recorded in the statement of operations and changes in fund balance - general fund are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ERINDALE UNITED CHURCH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

7. FINANCIAL INSTRUMENTS

The significant financial risks to which the Church is exposed is market risk. There has been no change in the below noted risks from the prior year.

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 Church is mainly exposed to other price risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). The Church is exposed to other price risk on its short-term investment in a balanced mutual fund as described in Note 2. The Church manages this risk by investing in mutual funds that have the strategy of providing investors with a mix of income and growth, while preserving capital. These investments are held for strategic rather than trading purposes, and the Church does not actively trade these investments.

8. EMPLOYEE FUTURE BENEFITS

Ministry personnel and lay employees of the Church participate in a pension plan (the "Plan"), administered by the United Church of Canada. This Plan is a defined contribution plan. Under this Plan, the employees contribute 6% of their salary and the Church contributes 9% of the salary of all employees in active services. Contributions to the Plan are expensed as incurred.

9. INTERFUND TRANSFERS

During the year, the Church transferred the following amounts between funds:

From the General Fund to the Benevolent Fund - \$500 (2021 - \$500) to increase the Benevolent Fund balance.

From the General Fund to the Capital Fund - \$23,000 (2021 - \$24,000) for future capital projects at the Church.

ERINDALE UNITED CHURCH
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

9. INTERFUND TRANSFERS - continued

From the Capital Fund to the General Fund - \$5,000 (2021 - \$10,955) to cover the purchase of fixed assets for the Church.

From the General Fund to the Endowment Fund - \$6,000 (2021 - NIL) to increase the Endowment Fund balance.

From the Manse Fund to the General Fund - \$1,499 (2021 - \$1,218) to transfer excess investment income earned in the Manse Fund.

From the General Fund to the Outreach Fund - \$6,000 (2021 - NIL) to increase the Outreach Fund balance.

From the Stained-Glass Fund to the General Fund - \$22,461 (2021 - NIL) to cover the purchase of fixed assets for the Church.

From the Supply Minister Fund to the General Fund - \$15,000 (2021 - NIL) to cover the wages for the supply minister.

From the Capital Fund to the Benevolent Fund - \$4,000 (2021 - NIL) to cover the cost of food donations.

From the Stained-Glass Fund to the Memorial Fund - \$186 (2021 - NIL) to transfer excess funds remaining in the Stained-Glass Fund.

10. INVESTMENT INCOME - DESIGNATED FUNDS

Included in Designated Funds Revenue is \$5,498 (2021 - \$27,819) of investment income.