

SQUAMISH UNITED CHURCH

Financial Statements
December 31, 2017
(Unaudited)

<u>Index</u>	<u>Page</u>
Independent Practitioners' Review Engagement Report to the Members	1
Financial Statements	
Statement of Financial Position	2
Statement of General Fund Receipts and Expenditures	3
Statement of Fund Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

TO THE MEMBERS OF SQUAMISH UNITED CHURCH

We have reviewed the accompanying financial statements of Squamish United Church, that comprise the statement of financial position as at December 31, 2017, and the statements of general fund receipts and expenditures, fund equity 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 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 review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Squamish United Church as at December 31, 2017, 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.

Smythe LLP

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April 6, 2018

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SQUAMISH UNITED CHURCH
Statement of Financial Position
December 31
(Unaudited)

	2017	2016
Assets		
Current		
Cash and term deposits	\$ 24,736	\$ 753,661
Cash - Refugee Sponsorship	43,599	69,593
Accounts receivable - Refugee Sponsorship	6,467	11,870
GST receivable	1,782	632
Short-term investments (cost - \$190,525; 2016 - \$438,268) (note 4)	248,885	454,901
Prepaid expenses	1,361	417
	326,830	1,291,074
Fixed Assets (note 6)	1,979,325	1,110,256
	\$ 2,306,155	\$ 2,401,330
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 20,402	\$ 4,066
Equity		
Benevolent Fund	2,851	2,851
General Fund	4,626	5,735
Fixed Asset Fund	1,979,325	1,110,256
Facility Development Operating Fund	0	735,939
Investment Fund	248,885	454,901
Refugee Sponsorship Fund	50,066	87,582
	2,285,753	2,397,264
	\$ 2,306,155	\$ 2,401,330

Approved by the Board:

_____ Director

_____ Director

SQUAMISH UNITED CHURCH
Statement of General Fund Receipts and Expenditures
Year Ended December 31
(Unaudited)

	2017	2016
Receipts		
Donations	\$ 67,991	\$ 46,741
Fundraising and other	20,476	12,170
Mission and service	12,880	12,657
Investment	79	60
	101,426	71,628
Expenditures		
Salaries and benefits	80,478	72,634
Ministerial allowances	26,056	24,135
Office	25,089	20,705
Mission and service	12,880	12,657
Congregational and sundry activities	7,341	505
Presbytery allocation	5,111	5,078
Professional fees	4,200	4,100
Advertising	711	587
Insurance	669	3,307
	162,535	143,708
Deficiency of Receipts over Expenditures for Year	\$ (61,109)	\$ (72,080)

SQUAMISH UNITED CHURCH
Statement of Fund Equity
Year Ended December 31
(Unaudited)

	Benevolent Fund	General Fund	Fixed Asset Fund	Facility Development Operating Fund	Facility Development Capital Fund	Investment Fund	Refugee Sponsorship Fund (note 5)	2017	2016
Balance, Beginning of Year	\$ 2,851	\$ 5,735	\$ 1,110,256	\$ 735,939	\$ 0	\$ 454,901	\$ 87,582	\$ 2,397,264	\$ 2,391,262
Receipts	0	101,426	0	0	0	0	0	101,426	71,628
Expenditures	0	(162,535)	0	0	0	0	0	(162,535)	(143,708)
Facility contributions	0	0	0	0	0	0	0	0	7,072
Refugee contributions	0	0	0	0	0	0	10,074	10,074	67,709
Refugee expenditures	0	0	0	0	0	0	(47,590)	(47,590)	(38,328)
Facility disbursements	0	0	916,029	(916,029)	0	0	0	0	0
Depreciation	0	0	(46,960)	0	0	0	0	(46,960)	(788)
Transfer into Facility Development Operating Fund from:									
Investment Fund	0	0	0	175,000	0	(175,000)	0	0	0
Transfers into General Fund from:									
Investment fund	0	60,000	0	0	0	(60,000)	0	0	0
Interest on short-term investment	0	0	0	0	0	3,416	0	3,416	21,886
Investment management fee	0	0	0	0	0	(2,343)	0	(2,343)	(2,813)
Increase in market value of investments	0	0	0	0	0	19,724	0	19,724	5,116
Interest on term deposit	0	0	0	5,090	0	8,187	0	13,277	18,228
	0	(1,109)	869,069	(735,939)	0	(206,016)	(37,516)	(111,511)	6,002
Balance, End of Year	\$ 2,851	\$ 4,626	\$ 1,979,325	\$ 0	\$ 0	\$ 248,885	\$ 50,066	\$ 2,285,753	\$ 2,397,264

SQUAMISH UNITED CHURCH

Statement of Cash Flows

Year Ended December 31

(Unaudited)

	2017	2016
Operating Activities		
Deficiency of receipts over expenditures	\$ (61,109)	\$ (72,080)
Facilities development contributions	1,420	7,072
	(59,689)	(65,008)
Changes in non-cash working capital		
GST receivable	(1,149)	(207)
Accounts receivable	0	420
Prepaid expenses	(944)	2,578
Accounts payable and accrued liabilities	13,886	32
	11,793	2,823
Cash Used in Operating Activities	(47,896)	(62,185)
Investing Activities		
Withdrawal from short-term investments	235,000	1,582,295
Investment in joint venture	(916,029)	(851,542)
Cash Provided by (Used in) Investing Activities	(681,029)	730,753
Inflow (Outflow) of Cash	(728,925)	668,568
Cash and Term Deposits, Beginning of Year	753,661	85,093
Cash and Term Deposits, End of Year	\$ 24,736	\$ 753,661

SQUAMISH UNITED CHURCH

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited)

1. OPERATIONS

Squamish United Church (the "Church") became a member congregation of the United Church of Canada on August 23, 1927. All its assets and holdings are under the discipline and governance of the Vancouver Burrard Presbytery of the British Columbia Conference of the United Church of Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Church were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

(a) Fund Accounting

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

The Benevolent Fund and General Fund are part of the general operations of the Church. The statement of general fund receipts and expenditures represents the activities of these two operating funds.

The Fixed Assets Fund tracks the Church's investment in fixed assets.

The Facility Development Operating Fund tracks the Church's operations regarding the fundraising for and construction of the new facility. These amounts are represented by the contributions and disbursements listed on the statement of fund equity.

The Facility Development Capital Fund held the funds that were collected towards the construction of the new facility. The fund was closed during the year.

The Investment Fund holds the investment from the proceeds of the sale of the Manse property. Interest earned by the Fund is to be used for the ministerial housing allowance and for operations. The housing allowance is funded by amounts transferred to the General Fund for operations.

The Refugee Sponsorship Fund holds the funds that have been collected to sponsor Syrian refugee families coming to Squamish and was created during the year.

(b) Revenue recognition

Donations, fundraising and other, memorial services and weddings are recorded as revenue when received. Property rental revenue is recognized on an accrual basis.

Interest income is recognized on the accrual basis and investment income is recognized as distributed from the various investments.

SQUAMISH UNITED CHURCH

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of receipts and expenditures and the balance of accrued liabilities during the reporting period. Significant estimates include amortization of fixed assets. While management believes these estimates are reasonable, actual results could differ from those estimates and could impact future cash flows.

(d) Amortization

Fixed assets are amortized on the basis of their useful life using the declining-balance method at the following annual rates:

Strata unit	- 4%
Furniture and equipment	- 20%

Additions during the year are amortized at one-half the annual rates.

(e) Cash and term deposits

Term deposits consist of highly liquid, short-term investments that are readily convertible to known amounts of cash.

(f) 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 any short-term investments that are quoted in an active market, which are measured at fair value.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in deficiency of receipts over expenditures. In the event a previously recognized impairment loss should be reversed, the amount of the reversal is recognized in deficiency of receipts over expenditures provided it is not greater than the original amount prior to write-down.

For any financial instrument that is measured at amortized cost, the instrument's cost is adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption. These transaction costs are amortized into income on a straight-line basis over the term of the instrument. All other transaction costs are recognized in deficiency of receipts over expenditures in the period incurred.

(g) Income taxes

The Church is a registered charity and is exempt from income taxes under section 149(1)(f) of the *Income Tax Act* (Canada).

SQUAMISH UNITED CHURCH

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited)

3. FINANCIAL INSTRUMENTS

(a) Credit risk

Credit risk is the risk of potential loss to the Church if the counterparty to a financial instrument fails to meet its contractual obligations.

The Church's financial assets that are exposed to credit risk consist of cash and term deposits and short-term investments. The Church minimizes this risk by placing the assets with major Canadian financial institutions insured by the Canadian Deposit Insurance Corporation.

(b) Interest rate risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Church's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Church is exposed to interest rate cash flow risk.

(ii) To the extent that prevailing market rates differ from the interest rates on the Church's monetary assets and liabilities, the Church is exposed to interest rate price risk.

The Church is not exposed to significant interest rate price risk due to the short-term nature of its financial instruments.

The Church is exposed to interest rate cash flow risk, as future cash flows from interest income on investments will be affected by interest rate fluctuations. The Church manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

(c) Liquidity risk

Liquidity risk is the risk that the Church will encounter difficulty in meeting obligations associated with financial liabilities.

The Church is exposed to this risk mainly in respect of its accounts payable. Cash flow from operations provides satisfactory resources to meet the Church's cash requirements. If required, the Church has access to a line of credit with a limit of \$20,000. The Church's borrowing arrangements are concentrated with a single Canadian financial institution.

(d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to 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 publicly traded short-term investments, as the fair value of those investments change with changes in their quoted market prices.

SQUAMISH UNITED CHURCH

Notes to Financial Statements

Year Ended December 31, 2017

(Unaudited)

4. SHORT-TERM INVESTMENTS

The carrying value of short-term investments is based on quoted market prices. The cost of the investments is \$190,525 (2016 - \$417,946).

5. REFUGEE SPONSORSHIP FUND

Funding raised in the Refugee Sponsorship Fund is for expenses anticipated in 2018.

6. FIXED ASSETS

	Cost	Accumulated Amortization	2017	2016
Strata unit	\$ 1,949,790	\$ 38,996	\$ 1,910,794	\$ 1,107,103
Furniture and equipment	78,573	10,042	68,531	3,153
	\$ 2,028,363	\$ 49,038	\$ 1,979,325	\$ 1,110,256
