

ST. PAUL'S UNITED CHURCH

Financial Statements

December 31, 2021

ST. PAUL'S UNITED CHURCH
Financial Statements
December 31, 2021

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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, 2021, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal 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, 2021, current assets and net assets as at December 31, 2021. Our review conclusion on the financial statements for the year ended December 31, 2021 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, 2021, 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 17, 2022

ST. PAUL'S UNITED CHURCH

Statement of Operations

For the Year Ended December 31	2021			2020				
	2021			2020				
	OPERATING FUND			RESTRICTED FUNDS				
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Housing Fund</u>	<u>Capital Foundation</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Total</u>
REVENUE								
Collections/Contributions (Operating - Note 2)	\$ 220,000	\$ 213,064	\$ 232,126	\$ 6,314	\$ 36,994	\$ 13,148	\$ 56,456	\$ 36,150
Facility and property income	35,000	34,120	30,305	67,964	-	-	67,964	69,398
Other givings (Note 4)	15,000	16,729	11,920	-	-	-	-	-
Management fees	48,000	46,753	24,000	-	-	-	-	-
Government assistance (Note 3)	-	10,182	23,492	-	-	-	-	-
Investment income	-	150	1,524	-	40,111	5,947	46,058	16,760
Interest on loans to other funds (Note 16)	-	-	-	-	-	6,500	-	-
M & S givings	-	3,018	14,344	-	-	-	-	-
	<u>318,000</u>	<u>324,016</u>	<u>337,711</u>	<u>74,278</u>	<u>77,105</u>	<u>25,595</u>	<u>170,478</u>	<u>122,308</u>
Less: M & S givings disbursed	-	2,405	14,344					
NET REVENUE	<u>318,000</u>	<u>321,611</u>	<u>323,367</u>					
EXPENDITURES								
Salaries and benefits	140,000	120,588	233,631					
Church and hall buildings (Note 5)	97,000	86,351	63,189					
Other operating (Note 6)	21,000	31,613	27,699					
Appropriations (Note 7)	21,000	30,998	19,284					
Expenditures (Note 8)	-	-	-	-	16,407	19,750	36,157	47,762
Rental property expenses	-	-	-	16,936	-	-	16,936	14,420
Management fees	-	-	-	46,753	-	-	46,753	24,000
Interest on loans from other funds (Note 16)	-	-	-	6,500	-	-	-	-
Interest on long-term debt	-	-	-	4,089	3,274	-	7,363	9,219
	<u>279,000</u>	<u>269,550</u>	<u>343,803</u>	<u>74,278</u>	<u>19,681</u>	<u>19,750</u>	<u>107,209</u>	<u>95,401</u>
SURPLUS (DEFICIT) BEFORE EXTRAORDINARY ITEMS	39,000	52,061	(20,436)	-	57,424	5,845	63,269	26,907
Special Bequests	5,000	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 44,000	\$ 52,061	\$ (20,436)	\$ -	\$ 57,424	\$ 5,845	\$ 63,269	\$ 26,907

ST. PAUL'S UNITED CHURCH

Statement of Changes in Fund Balances

For the Year Ended December 31	2021			2020	2021			2020
	<u>OPERATING FUND</u>			<u>RESTRICTED FUNDS</u>				
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Housing Fund</u>	<u>Capital Foundation</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Total</u>
BALANCE - BEGINNING OF YEAR	\$ -	\$ 17,407	\$ (67,177)	\$ 279,875	\$3,115,258	\$ 207,761	\$3,602,894	\$3,681,007
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	44,000	52,061	(20,436)	-	57,424	5,845	63,269	26,907
INTERFUND TRANSFERS (Note 9)	<u>-</u>	<u>-</u>	<u>105,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,020)</u>
BALANCE - END OF YEAR	\$ 44,000	\$ 69,468	\$ 17,407	\$ 279,875	\$3,172,682	\$ 213,606	\$3,666,163	\$3,602,894

ST. PAUL'S UNITED CHURCH

Statement of Financial Position

December 31

2021

2020

	<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	\$ 85,939	\$ 34,130	\$ 10,085	\$ -	\$ 130,154	\$ 106,775
Short-term investments (Note 10)	7,179	-	262,239	79,532	348,950	276,655
Accounts receivable (Note 11)	2,941	406	642	-	3,989	5,272
Prepaid expenses	16,257	6,578	-	-	22,835	16,393
Due from Other Funds (Note 15)	5,431	-	4,160	-	-	-
Loans receivable from Other Funds (Note 16)	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,074</u>	<u>-</u>	<u>-</u>
	117,747	41,114	277,126	213,606	505,928	405,095
 CAPITAL (Note 12)	 <u>-</u>	 <u>517,745</u>	 <u>2,986,000</u>	 <u>-</u>	 <u>3,503,745</u>	 <u>3,503,745</u>
	\$ 117,747	\$ 558,859	\$3,263,126	\$ 213,606	\$4,009,673	\$3,908,840

ST. PAUL'S UNITED CHURCH

Statement of Financial Position

December 31

2021

2020

	<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 13)	\$ 36,489	\$ 2,162	\$ 1,500	\$ -	\$ 40,151	\$ 37,863
Deferred contributions (Note 14)	11,790	5,624	-	-	17,414	13,984
Due to Other Funds (Note 15)	-	9,591	-	-	-	-
Loans payable to Other Funds (Note 16)	-	134,074	-	-	-	-
Current portion of long-term debt	-	8,650	88,944	-	97,594	20,190
	<u>48,279</u>	<u>160,101</u>	<u>90,444</u>	<u>-</u>	<u>155,159</u>	<u>72,037</u>
LONG-TERM DEBT (Note 17)	<u>-</u>	<u>118,883</u>	<u>-</u>	<u>-</u>	<u>118,883</u>	<u>216,501</u>
	<u>48,279</u>	<u>278,984</u>	<u>90,444</u>	<u>-</u>	<u>274,042</u>	<u>288,538</u>
FUND BALANCES						
Invested in capital assets	-	256,138	2,986,000	-	3,242,138	3,133,166
Externally restricted	-	-	-	213,606	213,606	207,762
Internally restricted (Note 18)	-	55,000	186,682	-	241,682	285,210
Unrestricted	69,468	(31,263)	-	-	38,205	(5,836)
	<u>69,468</u>	<u>279,875</u>	<u>3,172,682</u>	<u>213,606</u>	<u>3,735,631</u>	<u>3,620,302</u>
	<u>\$ 117,747</u>	<u>\$ 558,859</u>	<u>\$3,263,126</u>	<u>\$ 213,606</u>	<u>\$4,009,673</u>	<u>\$3,908,840</u>

CONTINGENCY (Note 20)

APPROVED BY:

_____ Congregational Board

_____ Finance Committee

ST. PAUL'S UNITED CHURCH

Statement of Cash Flows

For the Year Ended December 31	2021	2020	2021	2020			
	OPERATING FUND		RESTRICTED FUNDS				
	Actual	Actual	Housing Fund	Capital Foundation	Trust Funds	Total	Total
OPERATING ACTIVITIES							
Amount received from donors	\$ 235,723	\$ 258,631	\$ 6,314	\$ 36,994	\$ 3,148	\$ 46,456	\$ 26,150
Amount paid to suppliers and employees	(272,060)	(354,868)	(26,464)	(7,049)	19,750	(13,763)	(58,448)
Amount received from investments	150	1,524	-	-	-	-	-
Amount received from rental property	34,120	30,305	69,096	-	-	69,096	69,307
Interest paid on long-term debt	-	-	(4,089)	(3,274)	-	(7,363)	(9,219)
Government assistance	10,182	23,492	-	-	-	-	-
	<u>8,115</u>	<u>(40,916)</u>	<u>44,857</u>	<u>26,671</u>	<u>22,898</u>	<u>94,426</u>	<u>27,790</u>
FINANCING ACTIVITIES							
Amount received from (paid to) other funds	28,075	25,352	(36,976)	7,205	16,314	(13,457)	(25,352)
Payment of long-term debt	-	-	(8,205)	(12,009)	-	(20,214)	(19,455)
	<u>28,075</u>	<u>25,352</u>	<u>(45,181)</u>	<u>(4,804)</u>	<u>16,314</u>	<u>(33,671)</u>	<u>(44,807)</u>
INVESTING ACTIVITIES							
Proceeds from disposal (acquisition) of investments	10,411	(3,839)	-	(44,765)	(39,212)	(83,977)	37,175
INCREASE (DECREASE) IN CASH	46,601	(19,403)	(324)	(22,898)	-	(23,222)	20,158
CASH - BEGINNING OF YEAR	<u>39,338</u>	<u>58,741</u>	<u>34,454</u>	<u>32,983</u>	<u>-</u>	<u>67,437</u>	<u>47,279</u>
CASH - END OF YEAR	\$ 85,939	\$ 39,338	\$ 34,130	\$ 10,085	\$ -	\$ 44,215	\$ 67,437

December 31, 2021

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, 2021

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, 2021

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, 2021

2. COLLECTIONS / CONTRIBUTIONS

	<u>2021</u>	<u>2020</u>
Envelopes	\$ 210,462	\$ 227,364
Loose	1,694	1,018
Seasonal collections	<u>908</u>	<u>3,744</u>
	<u>\$ 213,064</u>	<u>\$ 232,126</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 \$42,275 (2020 - \$54,787).

During the year, the Church also received \$10,182 (2020 - \$23,492) from the Federal Government in Canadian Emergency Wage Subsidies (CEWS).

4. OTHER GIVINGS

	<u>2021</u>	<u>2020</u>
United Church Women	\$ 4,910	\$ 5,100
Benevolent fund	1,673	283
Pantry fund	5,102	3,706
Fundraising events	553	1,081
Other givings	<u>4,491</u>	<u>1,750</u>
	<u>\$ 16,729</u>	<u>\$ 11,920</u>

5. CHURCH AND HALL BUILDINGS

	<u>2021</u>	<u>2020</u>
<u>Operating Fund</u>		
Fuel	\$ 21,964	\$ 20,830
Electricity	11,289	15,547
Insurance	19,277	10,911
Building repairs and maintenance	22,139	6,155
Boiler repairs and maintenance	8,108	5,967
Snow and garbage removal	<u>3,574</u>	<u>3,779</u>
	<u>\$ 86,351</u>	<u>\$ 63,189</u>

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

December 31, 2021

6. OTHER OPERATING

	<u>2021</u>	<u>2020</u>
Accounting and bookkeeping fees	\$ 6,813	\$ 9,363
Book allowances	552	515
Office supplies, postage and computer	11,732	5,482
Mileage and meal allowance	-	611
Bank charges	3,740	3,263
Telephone and internet	3,346	3,859
Miscellaneous	1,195	617
Benevolent fund	223	283
Pantry fund	<u>4,012</u>	<u>3,706</u>
	<u>\$ 31,613</u>	<u>\$ 27,699</u>

7. APPROPRIATIONS

	<u>2021</u>	<u>2020</u>
Presbytery allocation	\$ 13,201	\$ 13,201
St. Paul's Christian Education Committee	1,671	1,071
St. Paul's Partnership Committee	482	556
St. Paul's Worship Committee	15,644	4,363
St. Paul's Community Committee	<u>-</u>	<u>93</u>
	<u>\$ 30,998</u>	<u>\$ 19,284</u>

8. EXPENDITURES

	<u>2021</u>	<u>2020</u>
<u>Capital Foundation Fund</u>		
Entry door	\$ 9,202	\$ -
Bird abatement	3,000	-
Concert piano contribution	-	10,000
Professional fees	4,176	5,626
Bank service charges	<u>29</u>	<u>13</u>
	<u>\$ 16,407</u>	<u>\$ 15,639</u>
<u>Trust Funds</u>		
Nellie MacKay Memorial	\$ 415	\$ -
Memorial Fund contribution to Terry Pond Fund	1,691	-
Organ and Chimes	808	1,123
DWJ Hilder Memorial contribution to Wright/Hilder Fund	2,014	-
Wark Estate contribution to St. Paul's Scholarship Fund	6,759	-
Nashwaak Residential Development contributions to Housing and Terry Pond Memorial Fund	8,063	-
Terry Pond Memorial	<u>-</u>	<u>31,000</u>
	<u>\$ 19,750</u>	<u>\$ 32,123</u>

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

December 31, 2021

9. INTERFUND TRANSFERS

During the current year, there were no interfund transfers. During the prior year, the following activity occurred:

The Operating Fund received a transfer of interest income of \$322 from the Memorial Trust Fund.

The Operating Fund received a transfer of surplus from the Housing Fund of \$104,698.

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.

10. SHORT-TERM INVESTMENTS

The Church has a managed investment portfolio with BMO Nesbitt Burns. The investments are allocated as follows:

	<u>2021</u>	<u>2020</u>
Operating	\$ 7,179	\$ 17,589
Capital Foundation Fund	262,239	185,481
Trust Funds	<u>79,532</u>	<u>73,585</u>
	\$ 348,950	\$ 276,655

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:

	<u>2021</u>	<u>2020</u>
Operating	\$ 1,551	\$ 3,063
Capital Foundation Fund	56,648	119
Trust Funds	<u>17,181</u>	<u>12,900</u>
	\$ 75,380	\$ 16,082

11. ACCOUNTS RECEIVABLE

	<u>Operating Fund</u>	<u>Housing Fund</u>	<u>Capital Foundation</u>	<u>Trust Funds</u>	<u>2021 Total</u>
HST receivable	\$ 2,941	\$ 406	\$ 642	\$ -	\$ 3,989

ST. PAUL'S UNITED CHURCH

Notes to Financial Statements

December 31, 2021

11. ACCOUNTS RECEIVABLE (continued)

	Operating Fund	Housing Fund	Capital Foundation	Trust Funds	2020 Total
Rent receivable	\$ -	\$ 577	\$ -	\$ -	\$ 577
HST receivable	3,964	70	-	-	4,034
Accrued interest	-	-	-	288	288
Donations in transit	<u>373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373</u>
	<u>\$ 4,337</u>	<u>\$ 647</u>	<u>\$ -</u>	<u>\$ 288</u>	<u>\$ 5,272</u>

12. CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
<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 20)	<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.

13. ACCOUNTS PAYABLE

	Operating Fund	Housing Fund	Capital Foundation	2021 Total
Trade payables	\$ 36,489	\$ 2,162	\$ 1,500	\$ 40,151

	Operating Fund	Housing Fund	Capital Foundation	2020 Total
Trade payables	\$ 31,496	\$ 2,118	\$ 1,500	\$ 35,114
Payroll remittances	2,131	-	-	2,131
Designated funds to be remitted	<u>618</u>	<u>-</u>	<u>-</u>	<u>618</u>
	<u>\$ 34,245</u>	<u>\$ 2,118</u>	<u>\$ 1,500</u>	<u>\$ 37,863</u>

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

December 31, 2021

14. DEFERRED CONTRIBUTIONSOperating Fund

	Benevolent Fund	Refugee Fund	Pantry Fund	Total
Balance - January 1, 2020	\$ 3,586	\$ 114	\$ 4,937	\$ 8,637
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	5,365	114	3,771	9,250
Add: Contributions	1,673	-	3,766	5,439
Gifts-in-kind	-	-	1,336	1,336
Less: Expenditures	<u>(223)</u>	<u>-</u>	<u>(4,012)</u>	<u>(4,235)</u>
Balance - December 31, 2021	<u>\$ 6,815</u>	<u>\$ 114</u>	<u>\$ 4,861</u>	<u>\$ 11,790</u>

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 \$5,624 (2020 - \$4,733) in rent subsidies applicable to the following month. In addition to that there were tenants that had paid January rent in December in the amount of \$639 (2020 - \$0

15. DUE TO (FROM) OTHER FUNDS

	<u>2021</u>	<u>2020</u>
<u>Operating Fund</u>		
Due to (from) Housing Fund	\$ (9,591)	\$ -
Due to (from) Capital Foundation Fund	<u>4,160</u>	<u>13,247</u>
	<u>\$ (5,431)</u>	<u>\$ 13,247</u>

Housing Fund

Due to (from) Operating Fund	<u>\$ 9,591</u>	<u>\$ -</u>
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Capital Foundation

Due to (from) Operating Fund	<u>\$ (4,160)</u>	<u>\$ (13,247)</u>
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Occasionally donations are deposited or expenses are paid out of the Operating Fund bank account that are not allocated to Operations. As a result, there are balances due amongst the Funds at the end of the year and should be repaid in the next period.

Intentional interfund loans, are accounted for separately, are described in Note 16.

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

December 31, 2021

16. INTERFUND LOANS

	<u>2021</u>	<u>2020</u>
<i>Loans Receivable</i>		
<u>Trust Funds</u>		
Gough Family Trust loan to Housing Fund		
- \$6,500 annual interest	\$ 101,500	\$ 101,500
Accrued interest	<u>32,574</u>	<u>32,388</u>
	<u>\$ 134,074</u>	<u>\$ 133,888</u>
 <i>Loans Payable</i>		
<u>Housing Fund</u>		
Loan from Gough Family Trust (see above)	<u>\$ 134,074</u>	<u>\$ 133,888</u>

17. LONG-TERM DEBT

	<u>2021</u>	<u>2020</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 12)	\$ 88,944	\$ 100,953
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 12)	<u>127,533</u>	<u>135,738</u>
	<u>216,477</u>	<u>236,691</u>
Current portion	<u>97,594</u>	<u>20,190</u>
	<u>\$ 118,883</u>	<u>\$ 216,501</u>

Yearly principal repayments are estimated as follows:

2022	\$ 97,594
2023	118,883

18. INTERNALLY RESTRICTED FUND BALANCES

	<u>2021</u>	<u>2020</u>
Housing Fund Replacement Reserve	\$ 55,000	\$ 55,000
Capital Foundation Fund	<u>186,682</u>	<u>230,210</u>
	<u>\$ 241,682</u>	<u>\$ 285,210</u>

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.

December 31, 2021

19. 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.

20. 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 12).

21. 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.

22. COMPARATIVE FIGURES

Prior year figures have been reclassified where applicable to conform to the current presentation.

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

For the Year Ended December 31	2021	2020
GOUGH FAMILY TRUST		
Balance - beginning of year	\$ 157,392	\$ 150,892
Interest from loan to Housing Fund	<u>6,500</u>	<u>6,500</u>
Balance - end of year	<u>\$ 163,892</u>	<u>\$ 157,392</u>

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

ST. PAUL'S SCHOLARSHIP FUND		
Balance - beginning of year	\$ 8,853	\$ 7,822
Investment income	2,108	1,031
Transfer from Wark Estate Trust	<u>6,759</u>	<u>-</u>
Balance - end of year	<u>\$ 17,720</u>	<u>\$ 8,853</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.

The Board of Trustees moved to consolidate funds on June 3, 2021. As a result of this consolidation, the equity in the Wark Estate Trust was transferred to this Fund.

THEOLOGICAL SCHOLARSHIP FUND		
Balance - beginning of year	\$ 15,190	\$ 13,422
Investment income	<u>2,051</u>	<u>1,768</u>
Balance - end of year	<u>\$ 17,241</u>	<u>\$ 15,190</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.

NELLIE MacKAY MEMORIAL TRUST		
Balance - beginning of year	\$ 6,207	\$ 5,484
Investment income	838	723
Expenditures	<u>(415)</u>	<u>-</u>
Balance - end of year	<u>\$ 6,630</u>	<u>\$ 6,207</u>

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

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

For the Year Ended December 31	2021	2020
ORGAN / CHIMES FUND		
Balance - beginning of year	\$ 3,325	\$ 3,312
Investment income	449	436
Contributions	-	700
Expenditures	<u>(808)</u>	<u>(1,123)</u>
Balance - end of year	<u>\$ 2,966</u>	<u>\$ 3,325</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.

OLD: DR. ROSS WRIGHT ENDOWMENT FUND**NEW: HILDER / WRIGHT MEMORIAL FUND**

Balance - beginning of year	\$ 1,705	\$ 1,065
Investment income	502	140
Contributions	936	500
Transfer from Hilder Memorial Fund	<u>2,014</u>	<u>-</u>
Balance - end of year	<u>\$ 5,157</u>	<u>\$ 1,705</u>

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

The Board of Trustees moved to consolidate funds on June 3, 2021. As a result of this consolidation, the equity in this Fund was combined with the Hilder Memorial Fund as they had similar objectives.

HILDER MEMORIAL FUND

Balance - beginning of year	\$ 2,014	\$ 1,780
Investment income	-	234
Transfer to Hilder / Wright Memorial Fund	<u>(2,014)</u>	<u>-</u>
Balance - end of year	<u>\$ -</u>	<u>\$ 2,014</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.

The Board of Trustees moved to consolidate funds on June 3, 2021. As a result of this consolidation, the equity in this Fund was combined with the Dr. Ross Wright Fund as they had similar objectives.

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

For the Year Ended December 31	2021	2020
TERRY POND MEMORIAL TRUST		
Balance - beginning of year	\$ (3,440)	\$ 3,185
Contributions	-	24,375
Transfer from Memorial Fund	1,691	-
Transfer from NRD Centre Trust	1,749	-
Expenditures	<u>-</u>	<u>(31,000)</u>
Balance - end of year	<u>\$ -</u>	<u>\$ (3,440)</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.

The Board of Trustees moved to consolidate funds on June 3, 2021. As a result of this consolidation, transfers of equity in the Memorial Fund and the NRD Centre Trust were transferred to the Terry Pond Memorial Fund and this Fund was closed.

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

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.

The Board of Trustees moved to consolidate funds on June 3, 2021. As a result of this consolidation, the equity in this Fund was transferred to the St. Paul's Scholarship Fund and this Fund was closed.

NRD CENTRE TRUST		
Balance - beginning of year	\$ 8,063	\$ 7,124
Investment income	-	939
Transfer to Housing	(6,314)	-
Transfer to Terry Pond Memorial Fund	<u>(1,749)</u>	<u>-</u>
Balance - end of year	<u>\$ -</u>	<u>\$ 8,063</u>

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.)

The Board of Trustees moved to consolidate funds on June 3, 2021. As a result of this consolidation, the equity in this Fund was transferred to the Terry Pond Memorial Fund and to Housing Projects and this Fund was closed.

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

For the Year Ended December 31	2021	2020
MEMORIAL FUND		
Balance - beginning of year	\$ 1,691	\$ 1,691
Investment income	-	322
Transfer interest to Operating Fund	-	(322)
Transfer to Terry Pond Memorial Fund	<u>(1,691)</u>	<u>-</u>
Balance - end of year	<u>\$ -</u>	<u>\$ 1,691</u>

The Board of Trustees moved to consolidate funds on June 3, 2021. As a result of this consolidation, the equity in this Fund was transferred to the Terry Pond Memorial Fund and this Fund was closed.

RESTRICTED TRUST FUNDS EQUITY	\$ 213,606	\$ 207,759
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