

KNOX-METROPOLITAN UNITED CHURCH
Financial Statements

Year Ended December 31, 2021

(Unaudited)

REVIEW ENGAGEMENT REPORT

To the Members of KNOX-METROPOLITAN UNITED CHURCH

I have reviewed the accompanying financial statements of KNOX-METROPOLITAN UNITED CHURCH as at December 31, 2021, and the statements of income, net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted the review in accordance with Canadian generally accepted standards for review engagements, which requires me 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.

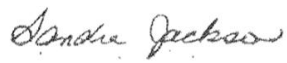
The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, KNOX-METROPOLITAN UNITED CHURCH derives revenue from donations and contributions from its members, the completeness of which is not susceptible to obtaining evidence I considered necessary for the purpose of the review. Accordingly, the evidence obtained of the revenues was limited to the amounts recorded in the records of KNOX-METROPOLITAN UNITED CHURCH. Therefore, I am unable to determine whether any adjustments might have been found necessary with respect to donation revenues, excess of revenue over expense, and cash flows from operations for the year ended December 31, 2021 and current assets and net assets as at December 31, 2021. My conclusion on the financial statements as at and for the year ended December 31, 2021 was modified accordingly because of the possible effects of the limitation in scope.

Conclusion

Based on my review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of 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.



Sandra Jackson CPA Prof. Corp

February 22, 2022
Regina, Saskatchewan

KNOX-METROPOLITAN UNITED CHURCH

Balance Sheet as at December 31, 2021
(Unaudited)

ASSETS	General Fund	Trust	Restricted (schedule 4)	Total	
				2021	2020
Current					
Cash	\$ 148,601	\$ 95,648		\$ 244,249	\$ 212,088
GST Rebate receivable	852	-		852	2,568
Accounts Receivable (note 5)	22,895			22,895	31,693
Due from (to) other funds	(132,907)	-	132,907	-	-
	<u>39,441</u>	<u>95,648</u>	<u>132,907</u>	<u>267,996</u>	<u>246,349</u>
Investments (note 7)		5,121,800		5,121,800	4,552,072
Assets Held in Trust (note 3)	205,324	-		205,324	202,202
Capital assets (note 6)	<u>2,011,143</u>			<u>2,011,143</u>	<u>2,132,438</u>
	<u>\$ 2,255,908</u>	<u>\$ 5,217,448</u>	<u>\$ 132,907</u>	<u>\$ 7,606,263</u>	<u>\$ 7,133,061</u>

LIABILITIES AND FUND BALANCES

Current liabilities					
Accounts payable and accrued liabilities	\$ 4,416	\$ -		\$ 4,416	\$ 25,934
Wages payable	528			528	-
Deferred income	18,913			18,913	75
	<u>23,857</u>	<u>-</u>	<u>-</u>	<u>23,857</u>	<u>26,009</u>
Long-term loans (note 8)	60,000			60,000	60,000
Amounts Held In Trust (note 3)	<u>233,294</u>			<u>233,294</u>	<u>202,203</u>
	<u>317,151</u>	<u>-</u>	<u>-</u>	<u>317,151</u>	<u>288,212</u>
Net Assets					
Net Assets	1,938,757	5,217,448	132,907	7,289,112	6,844,849
	<u>1,938,757</u>	<u>5,217,448</u>	<u>132,907</u>	<u>7,289,112</u>	<u>6,844,849</u>
	<u>\$ 2,255,908</u>	<u>\$ 5,217,448</u>	<u>\$ 132,907</u>	<u>\$ 7,606,263</u>	<u>\$ 7,133,061</u>

See accompanying notes to the unaudited financial statements

Approved by:

Director: _____

Director: _____

KNOX-METROPOLITAN UNITED CHURCH

Statement of Net Assets for the year ended December 31, 2021

(Unaudited)

	Operating	Trust	Restricted (Schedule 4)	2021	2020
Fund balances, beginning of the year	\$ 2,103,240	\$ 4,693,905	\$ 44,835	\$ 6,841,980	\$ 6,535,996
Net income (loss)	(221,388)	580,448	88,072	447,132	308,853
Trust transfer	56,905	(56,905)	-	-	-
Fund balances, end of the year	\$ 1,938,757	\$ 5,217,448	\$ 132,907	\$ 7,289,112	\$ 6,844,849

See accompanying notes to the unaudited financial statements

KNOX-METROPOLITAN UNITED CHURCH

Statement of Income for the year ended December 31, 2021

(Unaudited)

	Operating	Trust	Restricted (Schedule 4)	2021	2020
Revenues					
Offering and Donations	\$ 157,987	\$ -	\$ 135,159	\$ 293,146	\$ 190,131
Fundraising	360	-	-	360	723
Rental income	31,998	-	-	31,998	32,141
Bequests - Trust	-	-	-	-	143,848
Interest income	59	91,845	-	91,904	88,602
Other revenue	3,277	-	-	3,277	3,891
Government Wage Subsidies	69,452	-	-	69,452	63,138
Grants	16,018	-	-	16,018	16,354
Gain (loss) on sale of investments	-	321,396	-	321,396	583,350
Unrealized gain (loss) on investments	-	197,741	-	197,741	(175,712)
	279,151	610,982	135,159	1,025,292	966,466
Operating Expenses					
General and administrative (Schedule 2)	\$ 96,208	\$ -	\$ 31,187	\$ 127,395	\$ 212,988
Amortization	121,295	-	-	121,295	121,295
Management fee Trust	-	30,534	-	30,534	36,422
Payroll (Schedule 3)	260,179	-	-	260,179	263,008
Ministries and programs (Schedule 1)	22,857	-	15,900	38,757	23,900
	500,539	30,534	47,087	578,160	657,613
Net income (loss)	\$ (221,388)	\$ 580,448	\$ 88,072	\$ 447,132	\$ 308,853

See accompanying notes to the unaudited financial statements

KNOX-METROPOLITAN UNITED CHURCH

Statement of Cash Flows for the year ended December 31, 2021

(Unaudited)

				2021	2020
	Operating	Trust	Restricted	Total	
Cash flows from operating activities					
Excess (deficiency)	\$ (221,388)	\$ 580,448	\$ 88,072	\$ 447,132	\$ 308,853
Items not affecting cash:					
Amortization	121,295			121,295	121,295
Gains on disposal of investments		(321,396)		(321,396)	(583,350)
Unrealized loss (gains) on marketable securities		(197,741)		(197,741)	175,712
Changes in non-cash working capital:					
Accounts receivable, trade and other	9,359			9,359	(31,140)
Prepaid expenses and other assets				-	12,599
Accounts payable and accrued liabilities	(11,134)	(9,857)		(20,991)	711
Deferred Revenue	15,969			15,969	75
Net cash used in operating activities	(85,899)	51,454	88,072	53,627	(17,755)
Cash flows from investing activities					
Purchase of marketable securities		(2,399,793)		(2,399,793)	(4,886,833)
Proceeds from sale of marketable securities		2,378,357		2,378,357	4,832,522
Net cash provided by (used in) investing activities	-	(21,436)	-	(21,436)	(54,311)
Cash flows from financing activities					
Trust Transfer	56,905	(56,905)		-	
Restricted fund transfer	88,072		(88,072)	-	
Canada Emergency Business loan	-			-	60,000
Net cash provided by financing activities	144,977	(56,905)	(88,072)	-	60,000
Net increase (decrease) in cash and cash equivalents	59,078	(26,887)	-	32,191	(12,066)
Cash and cash equivalents at the beginning of the year	89,522	122,535	-	212,057	224,154
Cash and cash equivalents at the end of the year	\$ 148,601	\$ 95,648	\$ -	\$ 244,249	\$ 212,088

KNOX-METROPOLITAN UNITED CHURCH

Notes to Financial Statements

Year Ended December 31, 2021

(Unaudited)

1. STATUS OF THE ORGANIZATION

The Knox - Metropolitan United Church (the Church) is a member of the United Church of Canada and serves as a place of worship in the City of Regina.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations and include the following significant accounting policies:

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

The church has elected to value all debt instruments (excludes term deposits) at fair market value rather than amortized cost.

Financial assets including cash, term deposits and accounts receivable are reported at amortized cost. The investments in the trust fund are reported at fair market value.

Financial liabilities including accounts payable and accrued liabilities are measured at amortized cost.

Revenue recognition

Knox-Metropolitan United Church follows the restricted fund method of accounting for contributions.

Restricted contributions including government subsidies related to general operations are recognized as revenue of the Operating fund in the year in which the related expenses are incurred. Government grants may be advanced by way of forgivable debt and will be included in income in the period of receipt provided it is reasonable to assume the forgiveness conditions will be met. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions, including offerings and bequests are recognized as revenue of the Operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental, fundraising, expense recoveries, and other fees are recognized in the year the related event occurs.

Grant income is recognized in the year of receipt.

Investment income is recognized when earned. Realized gains and losses are recognized in the period the transaction is settled.

KNOX-METROPOLITAN UNITED CHURCH

Notes to Financial Statements

Year Ended December 31, 2021

(Unaudited)

Fund Accounting

A portion of the monies received by the organization may only be used for specific purposes and accordingly are accounted for in separate funds. Temporary transfers of monies between these funds are recorded as interfund receivables/payables. Permanent transfers are recorded as transfers in the net asset accounts.

The Operating fund reports those revenues and expenses related to the operations of the Church.

The Knox-Metropolitan Trust (Trust Fund) was created in 1977 to received all bequests and major gifts to the church and is administered by a Board of Trustees. In October 2012, primarily in response to the sale of land gifted by Dr. Gerry Evenden, the Board of Trustees and the Church Board approved an investment policy allowing for the establishment of a professionally managed investment portfolio by RBC Dominion Securities. This provided a framework for the "prudent management" of the Church's investments. The Board of Trustees act as stewards of the Trust Fund, responding to Board resolutions and congregationally approved strategic use of Fund resources for the use of the Church and its ministries.

Restricted Funds report the revenues and related expenses of externally or internally restricted programs carried on or administered by the Church. Contributors may designate that a portion of their offerings be used for specific purposes. In some cases, this designation may be for programs sponsored by the United Church of Canada (such as Mission & Service) but often, the designation related to local programming. These contributions and related fund activities are captured in Restricted funds are identified separately in Schedule 4. The Church Council may have policies regarding qualifying expenditures or decisions may be made annually based on the needs of the Church.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized using straight line method at the rates noted below:

Buildings	4% Straight-line method
Furniture & equipment	10% Straight-line method

A full year amortization is taken in the year of addition.

Donated capital assets are recorded at their fair value at the date of contribution if the fair value can be reasonably determined.

In common with many United Church congregations, beneficial title of real property assets reported in these financial statements are held by the United Church of Canada.

KNOX-METROPOLITAN UNITED CHURCH

Notes to Financial Statements

Year Ended December 31, 2021

(Unaudited)

3. ASSETS AND AMOUNTS HELD IN TRUST

The Church helps to administer funds for the Private Sponsorship of Refugees (PSR). The PSR program does not rely on public resources, but rather taps the energy and funds of faith communities, ethnic groups, families and other benevolent associations. These groups and organizations typically raise funds or use their personal income to provide for and support the sponsored individual or family for their first year in Canada.

The process is initiated by submitting a refugee sponsorship application to Immigration Refugees and Citizenship Canada and typically takes 12 months for the sponsored person's to arrive in Canada. As a result, the receipts can be received and held for at least a year and are not considered to be the Church's funds.

<u>Amounts held in trust</u>	<u>2021</u>	<u>2020</u>
Opening trust balance	\$ 202,203	\$ 47,065
Receipts	42,987	168,514
Disbursements	(39,866)	(13,376)
Ending trust balance	<u>205,324</u>	<u>202,203</u>
Plus: Additional trust funds (donations & fundraising)	<u>27,971</u>	-
Ending trust balance	<u>\$ 233,294</u>	<u>\$ 202,203</u>

<u>Assets held in trust</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 9,673	\$ 41,759
Term deposits	195,650	159,065
Accrued interest	-	1,379
	<u>\$ 205,324</u>	<u>\$ 202,203</u>

Term deposits mature between January 2022 - September 2022 with interest ranging from 0.450% to 0.550%.

4. INTERNAL TRANSFERS

The Church has amounts due to/from the trust and restricted funds as a consequence of the timing of receipts and disbursements. These balances are settled periodically and do not bear any interest.

In the year the Church made internal transfers of \$56,905 (2020 - \$94,700) from the trust fund to the operating fund to support operational activities of the Church.

KNOX-METROPOLITAN UNITED CHURCH

Notes to Financial Statements
Year Ended December 31, 2021
(Unaudited)

5. ACCOUNTS RECEIVABLE

Current year accounts receivables includes \$2,895 of rental income receivable and \$20,000 forgivable under the Canada Emergency Business Account (CEBA) loan program (see Note 8).

6. CAPITAL ASSETS

	Cost	Accum. Amortization	2021 Net book value	2020 Net book value
Buildings	2,921,400	934,848	1,986,552	2,103,408
Furniture and fixtures	44,387	19,796	24,591	29,030
	<u>\$ 2,965,787</u>	<u>\$ 954,644</u>	<u>\$ 2,011,143</u>	<u>\$ 2,132,438</u>

7. LONG TERM INVESTMENTS

	2021	2020
Cash and cash equivalents	\$ 322,544	\$ 295,985
Fixed income	1,884,514	664,224
Equity	2,914,742	3,591,863
	<u>\$ 5,121,800</u>	<u>\$ 4,552,072</u>

8. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN

To support small businesses during the pandemic the Government of Canada introduced the CEBA loan up-to \$60,000 which is available to organizations prior to December 31, 2020. On January 1, 2021 the outstanding balance converts to a non-revolving term loan. Up to 33% of the loan balance is forgiven provided the remainder is paid in full by December 31, 2023. Interest begins accruing January 1, 2024 at 5% on the remaining balance and interest is charged from the advance date to December 31, 2023. The full balance, including interest is due by December 2025.

KNOX-METROPOLITAN UNITED CHURCH

Notes to Financial Statements

Year Ended December 31, 2021

(Unaudited)

9. FINANCIAL INSTRUMENTS

The Church is exposed to various risks through its financial instruments and management is responsible for monitoring, evaluating and managing these risks. Unless otherwise noted, it is management's opinion that the Knox-Metropolitan United Church is not exposed to significant interest, currency or credit risks arising from these financial instruments except as noted below:

Credit risk

Credit risk arises from the potential that those that owe money to the Church will fail to satisfy their obligations. The Church is exposed to credit risk from members and customers. Collection risk from these entities is considered to be low. The Church serves a significant number of people for event revenues and rental of facilities which minimized concentration risk. The risk is considered to be low.

Liquidity risk

Liquidity risk is the risk that the Church will encounter difficulty in meeting obligations associated with financial liabilities. While the Church does have restricted trust assets to draw upon, it has also accessed programs made available from the Canada Covid-19 Economic Response Plan. Given the stability of these parties, the liquidity risk is considered low.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Church is mainly exposed to currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk to the Church's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Church is exposed to foreign currency exchange risk on investments held in trust funds which are denominated in US dollars. The Church does not use derivative instruments to reduce its exposure to foreign currency risk and fluctuations in the Canadian/US dollar exchange rate could have a pronounced effect on trust assets. At the year-end, the Canadian dollar equivalent to US denominated investments was \$2,264,663 (2020 - \$2,177,126).

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Church manages exposure by varying the maturity of interest bearing investments and investing in other instruments that do not rely solely on market interest rates. While investment income is an important part of the Church's overall funding, it does not rely solely on this source to cover the majority costs. This risk is considered low.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), Whether those changes are caused by factors specific to the individuals financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Church is exposed to other price risk through its investment in mutual funds and may shift its holdings from time to time in relation to liquidity, earnings history and forecast appreciation.

KNOX-METROPOLITAN UNITED CHURCH

Ministries and Programs (Schedule 1)
Year ended December 31, 2021

	2021	2020
Benevolence	\$ 20	\$ 99
Christian education	1,735	1,517
Congregational life	963	1,426
Donations	14,315	13,825
Outreach and social action	450	1,280
Planning implementation -programs	3,502	2,336
Restricted fund expenses (Schedule 4)	-	481
Word, worship, music and arts	1,872	2,936
	<u>\$ 22,857</u>	<u>\$ 23,900</u>

General and Administrative (Schedule 2)
Year ended December 31, 2021

	2021	2020
Advertising and communications	\$ 255	\$ 3,182
Bank fees and other charges	1,009	717
Building improvement projects	-	65,100
Business fees and licenses	1,049	692
Caretaking supplies	2,545	5,960
Future planning study	-	28,700
Garden and pest control	2,999	-
Insurance	20,656	15,999
Office equipment	350	2,000
Piano/organ repair and maintenance	737	7,517
Region/Presbytery assessments	19,576	8,852
Printing and office supplies	3,872	5,645
Professional fees	5,185	497
Property taxes	737	752
Repairs and maintenance	11,538	16,811
Restricted fund expenses (Schedule 4)	31,187	14,114
Snow clearing	863	
Telephone	5,134	5,834
Utilities	19,703	30,616
	<u>\$ 127,395</u>	<u>\$ 212,988</u>

Payroll (Schedule 3)
Year ended December 31, 2021

	2021	2020
Casual staff	\$ 7,669	\$ 7,642
Employee benefits	25,999	30,853
Employer portion of CPP/EI	13,039	12,481
Learning resources and books	2,297	2,178
Salaries	211,406	209,639
WCB	(231)	215
	<u>\$ 260,179</u>	<u>\$ 263,008</u>

KNOX-METROPOLITAN UNITED CHURCH

Schedule of Changes in Restricted Funds
 Year ended December 31, 2021
 (Schedule 4)

	Beginning	Revenue	Expenses	Transfers	Ending
Capital Fund	\$ 8,000	29,875	(22,935)		\$ 14,940
Memorial Fund	29,798	884			30,682
Organ fund	7,037	88,500	(8,252)		87,285
Refugee Funds					
Mission and service fund	-	15,900	(15,900)		-
	<u>\$ 44,835</u>	<u>\$ 135,159</u>	<u>\$ (47,087)</u>	<u>\$ -</u>	<u>\$ 132,907</u>