
**FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**



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INDEPENDENT AUDITORS' REPORT

To the Members of First United Church Community Ministry Society

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of First United Church Community Ministry Society (the "Society"), which comprise the statement of financial position as at September 30, 2020, and the statements of changes in net assets, operations and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at September 30, 2020, and the results of its operations and cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenue was limited to the amounts recorded in the records of the Society and we were unable to determine whether any adjustments might be necessary to donation revenue, deficiency of revenues over expenses, and cash flows from operations for the period ended September 30, 2020 and year ended December 31, 2019, total assets as at September 30, 2020 and December 31, 2019, and net assets at both the beginning and end of September 30, 2020 and December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 also contained a qualification because of this matter.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with 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 we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.



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INDEPENDENT AUDITORS' REPORT

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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 our auditors' report. However, future events or conditions may cause the Society 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.



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INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis with that of the preceding year.

Manning Elliott LLP

Chartered Professional Accountants

Vancouver, British Columbia

March 4, 2021

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020


	September 30 2020	December 31 2019
ASSETS		
CURRENT		
Cash	\$ 1,250,855	\$ 538,419
Term deposit	50,000	50,000
Short-term investments (Note 3)	1,008,635	977,407
Accounts receivable	153,694	12,495
Inventory	2,416	2,416
Prepaid expenses	18,747	12,166
Due from related party (Note 4)	86,430	37,086
	2,570,777	1,629,989
CAPITAL ASSETS (Note 5)	8,894,787	361,518
DEVELOPMENT COSTS (Note 6)	609,540	99,951
	\$ 12,075,104	\$ 2,091,458
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 511,145	\$ 267,379
Government remittances payable	45,535	68,850
Deferred revenue (Note 7)	298,359	289,261
	855,039	625,490
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 8)	595,919	257,790
ADMINISTERED FUNDS (Note 9)	80,645	80,113
DEFERRED CONTRIBUTIONS RELATED TO DEVELOPMENT COSTS (Note 6)	1,312,931	87,231
	2,844,534	1,050,624
NET ASSETS		
INTERNALLY RESTRICTED (Note 11)	986,756	850,000
INVESTED IN CAPITAL ASSETS	8,298,868	103,728
UNRESTRICTED	(55,054)	87,106
	9,230,570	1,040,834
	\$ 12,075,104	\$ 2,091,458

COMMITMENTS (Note 12)

COVID-19 RISK (Note 16)

ON BEHALF OF THE BOARD


 Director

DocuSigned by:

 Director

See notes to financial statements

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Internally restricted (Note 11)	Invested in capital assets	Unrestricted	September 30 2020 9 months	December 31 2019 12 months
NET ASSETS - BEGINNING OF PERIOD	\$ 850,000	\$ 103,728	\$ 87,106	\$ 1,040,834	\$ 1,089,227
Deficiency of revenues over expenses for the year	-	-	(34,464)	(34,464)	(48,393)
Purchase of capital assets	-	4,002	(4,002)	-	-
Amortization of capital assets	-	(119,333)	119,333	-	-
Amortization of deferred contributions related to capital assets	-	86,271	(86,271)	-	-
Donated land (Note 5)	-	8,224,200	-	8,224,200	-
Interfund transfers	136,756	-	(136,756)	-	-
NET ASSETS - END OF PERIOD	\$ 986,756	\$ 8,298,868	\$ (55,054)	\$ 9,230,570	\$ 1,040,834

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	<i>September 30</i> 2020 <i>9 months</i>	<i>December 31</i> 2019 <i>12 months</i>
REVENUES		
BC Housing Management Commission (Schedule)	\$ 1,340,636	\$ 1,814,133
Grants and government funding	799,537	1,138,225
Donations (Note 10)	557,513	675,107
Amortization of deferred contributions related to capital assets (Note 8)	86,271	115,028
Property management services (Note 4)	82,500	110,000
Sundry income	25,000	100
Special projects	11,712	13,065
Bequest funds received	10,000	63,253
Sponsorships and fees	9,600	85,209
	2,922,769	4,014,120
EXPENSES		
Salaries and benefits	2,261,690	3,260,310
Office	155,024	228,960
General and program	154,327	221,503
Amortization of capital assets	119,333	159,744
Repairs and maintenance - buildings	91,403	135,549
Professional fees	74,984	52,922
Utilities	46,158	52,777
Telephone	16,652	22,940
Legal fees	13,913	35,691
Resource development	12,905	55,547
Special projects	10,967	13,061
Repairs and maintenance - equipment	4,828	3,457
Insurance	3,090	3,784
	2,965,274	4,246,245
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(42,505)	(232,125)
OTHER INCOME (EXPENSES)		
Gain on sale of investments	290,225	85,832
Investment income	9,083	18,943
Investment management fees	(7,548)	(11,141)
Unrealized (loss) gain on investments	(283,719)	90,098
	8,041	183,732
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (34,464)	\$ (48,393)

See notes to financial statements

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	<i>September 30</i> 2020 <i>9 months</i>	<i>December 31</i> 2019 <i>12 months</i>
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (34,464)	\$ (48,393)
Items not affecting cash:		
Amortization of capital assets	119,333	159,744
Amortization of deferred contributions related to capital assets	(86,271)	(115,028)
Gain on sale of investments	(290,255)	(85,832)
Unrealized loss (gain) on investments	283,719	(90,098)
	(7,938)	(179,607)
Changes in non-cash working capital:		
Accounts receivable	(141,199)	85,169
Inventory	-	(616)
Prepaid expenses	(6,581)	(1,049)
Due from related party	(49,344)	39,685
Accounts payable and accrued liabilities	243,766	(155,332)
Government remittances payable	(23,315)	(5,826)
Deferred revenue	9,098	87,813
	32,425	49,844
	24,487	(129,763)
INVESTING ACTIVITIES		
Purchase of capital assets	(4,002)	(96,546)
Increase in administered funds	532	10,005
Purchase of investments	(1,136,326)	(226,891)
Proceeds from sale of investments	1,111,634	556,084
	(28,162)	242,652
FINANCING ACTIVITIES		
Deferred contributions related to capital assets funding received	-	95,528
Deferred capital contributions funding received for development costs	1,225,700	87,231
Development costs incurred	(509,589)	(99,951)
	716,111	82,808
INCREASE IN CASH FLOW	712,436	195,697
CASH - BEGINNING OF PERIOD	538,419	342,722
CASH - END OF PERIOD	\$ 1,250,855	\$ 538,419
NON-CASH INVESTING ACTIVITY (Note 5)	\$ (8,648,600)	\$ -

See notes to financial statements

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

PURPOSE OF THE ORGANIZATION

The First United Church Community Ministry Society (the "Society") is incorporated under the British Columbia Societies Act. The Society's activities consists of work related to the ministry of social justice, hospitality and pastoral care in the Downtown Eastside of Vancouver.

The Society is a registered charity under the Income Tax Act (Canada) and as such is exempt from income taxes.

During the year the Society changed its fiscal year end from December 31 to September 30. Therefore the current period figures represent the nine month period ended September 30, 2020 and the comparative figures represent the twelve month year ended December 31, 2019.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(a) Cash

Cash includes cash on hand and balances held with banks.

(b) Financial instruments

i) Measurement

The Society's financial instruments consist of cash, term deposit, short-term investments, accounts receivable, due from related party and accounts payable. The Society initially measures all of its financial assets and liabilities at fair value. The Society subsequently measures all of its financial assets and liabilities at amortized cost, except for investments in instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of financial instruments carried at fair value are recognized in the statement of operations.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations in the period in which it is determined.

iii) Transaction costs

The Society recognizes its transaction costs in the statement of operations in the period incurred.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) Inventory

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs

(d) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of, or during, the reporting period. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of capital assets used for calculating amortization, measurement of development costs, deferred revenue and deferred contributions related to capital assets and the amounts recorded as accrued liabilities.

(e) Capital assets and development costs

Effective January 1, 2019, the Society adopted Section 4433 'Tangible capital assets held by not-for-profit organizations', as described in Part III of the CPA Canada Handbook, which replaces Section 4431 of the same name. The new section clarifies that not-for-profit organizations apply the requirements for componentization in Section 3061 'Property, Plant and Equipment', refines the guidance regarding the write-down of tangible capital assets and provides additional guidance on accounting for the cost of a contributed capital asset.

Adoption of the new section did not have any impact on the reported amounts of the Society's capital assets.

Capital assets are recorded at cost and amortized annually on the straight line basis as follows:

Furniture and equipment	5 years
Building improvements	5 years
Computer equipment	5 years

The Society's policy is to record a write-down to a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the capital asset no longer contributes to the Society's ability to provide goods and services or when the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. Write-downs are recognized as an expense in the statement of operations and are not reversed.

Adoption of this new policy did not have any impact on the reported amounts of the Society's capital assets.

The Society has started to incur development costs for the re-development of the building. No amortization will be recorded until the building is substantially put into use.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(f) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income, including realized and unrealized capital gains, is recognized in the period the investment income is earned.

Deferred revenue represents operating funding received in the current period that is designated for a subsequent period.

Deferred contributions related to capital assets represent contributions that are restricted for the purchase of capital assets. These contributions are amortized and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Deferred contributions related to development costs represent contributions that are restricted for the future re-development of the building. These contributions are recognized on the same basis as the related development costs and are not amortized at this time.

(g) Contributed services and materials

The Society benefits from contributed services in the form of volunteer time and contributed materials. Contributed services are not recognized in the financial statements. Contributed materials are recorded at their fair value only when a realizable value of the related benefit can be reasonably estimated and the materials are used in the normal course of operations and would otherwise have been purchased.

(h) Employee future benefits

Eligible employees of the Society participate in a defined benefit plan administered by the United Church of Canada. Pensions benefits are expensed during the period that the contributions are made. Although the benefits have been earned under defined benefit plans, because they are multi-employer plans, sufficient information to follow the accounting standards on defined benefit plans is not available. Accordingly, the Society accounts for its employees' pension benefits by following accounting standards for defined contribution plans whereby the costs for the period are recognized as an expense.

2. FINANCIAL INSTRUMENTS RISKS

The Society's financial instruments are described in Note 1(b). The following analysis provides information about the Society's risk exposure and concentration as of September 30, 2020. These risks have not significantly changed from the prior year except as discussed below:

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

2. FINANCIAL INSTRUMENTS RISKS (*continued*)

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to accounts receivable and advances due from related party. The Society maintains, if deemed necessary, provision for potential credit losses, and any such losses to date have been within management's expectations. Although the COVID-19 health pandemic has had a significant impact on many organizations as explained in Note 16, based on the nature of the Society's accounts receivable, management has determined the Society's credit risk to be minimal and will continue to monitor receivables to mitigate any potential credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with liabilities. The Society is exposed to this risk mainly in respect of its accounts payable. The Society's objective is to have sufficient financial liquidity to meet its financial obligations as they become due. The Society's ability to meet obligations depends on the receipt of government funding and the generosity of its donors. The Society controls liquidity risk by managing its working capital and cash flows. There is increased liquidity risk as a result of the COVID-19 health pandemic as explained in Note 16, as there is a risk that the Society might not receive as many donations as in the past. The Society will continue to monitor its cash flows and pro-actively communicate with all parties to mitigate this risk and anticipates that its cash reserves will adequately minimize liquidity risk.

(c) 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 Society is mainly exposed to interest rate and other price risks.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The primary financial risk to the Society lies in the exposure of its investment income stream to the effects of fluctuations in market interest rates. The Society controls interest rate risk by being conscious of market rates when investing.

(e) 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 individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its holdings of short-term investments.

There is increased other price risk as a result of the COVID-19 health pandemic as explained in Note 16.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

3. SHORT-TERM INVESTMENTS

The investments are in short-term fixed income securities pending transfer to a large diversified long term fund invested by the Pacific Mountain Region (PMR) of the United Church of Canada.

All investments from internally restricted funds were realized and transferred to the the First United Vancouver Fund held by PMR in December 2020.

4. DUE FROM RELATED PARTY

The Society's board of directors includes directors who are also directors on the board of First United Church Social Housing Society ("Housing"). However, the number of common members is such that neither organization can control decisions of the other. In addition, the Society and Housing are related through common management.

During the period, the Society received property management service fees in the amount of \$82,500 - 9 months (2019 - \$110,000 - 12 months) services provided to Housing.

In addition, Housing paid salaries and benefits in the amount of \$468,475 - 9 months (2019 - \$545,936 - 12 months) for organization support and staffing services provided by the Society. These amounts are not included in salaries and benefits expense.

At the end of the period, the Society has an amount receivable from Housing of \$86,430 (2019 - \$37,086). These amounts are without any terms of repayment and are interest free and unsecured.

All related party transactions were made in the normal course of operations and have been recorded at the amounts paid or received as established and agreed upon by the related parties.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	September 30 2020 Net book value	December 31 2019 Net book value
Land	\$ 8,224,200	\$ -	\$ 8,224,200	\$ -
Building	424,400	-	424,400	-
Furniture and equipment	332,128	291,544	40,584	66,076
Building improvements	676,042	487,774	188,268	276,370
Computer equipment	157,243	139,908	17,335	19,072
	\$ 9,814,013	\$ 919,226	\$ 8,894,787	\$ 361,518

On September 8, 2020, the Society acquired the land and the building located at 320 East Hastings Street, Vancouver, for a nominal amount of \$10. The Society has recorded the land and building at their fair values of \$8,224,200 and \$424,400, respectively. The City of Vancouver Development Permitting Board granted a conditional development permit on January 25, 2021. The building is expected to be demolished in the summer of 2021 to allow for the construction of a new building.

6. DEVELOPMENT COSTS

The Society is planning to redevelop its property and has started to incur development costs towards this project.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

7. DEFERRED REVENUE

Deferred revenue represents funds received in advance for the purpose of delivering specific programs or special projects, the costs for which have not yet been incurred. The amounts will be recognized as revenue in subsequent years when the expenses are incurred.

	September 30 2020	<i>December 31 2019</i>
Balance at beginning of year	\$ 289,261	\$ 201,448
Contributions recognized as revenue during the year	(192,270)	(197,076)
Subtotal	96,991	4,372
BC Housing Management Commission	145,038	144,694
Hockey Helps the Homeless	35,750	27,500
City of Vancouver Renter Services	14,236	-
City of Vancouver Community Services	6,344	-
Pacific Mountain Region	-	30,000
ProVision	-	26,400
Street to Home	-	20,625
Seedlings grant	-	18,750
ProVision lecture series	-	15,920
Cash for Socks donations	-	1,000
	201,368	284,889
	\$ 298,359	\$ 289,261

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets purchased represent restricted contributions that have been spent to purchase capital assets. These contributions are amortized at the same rate as the underlying assets.

	September 30 2020	<i>December 31 2019</i>
Balance at beginning of year	\$ 257,790	\$ 277,290
Building, 320 East Hastings Street, Vancouver (Note 5)	424,400	-
Women's' washroom renovation funding	-	68,028
Security upgrade funding	-	27,500
Contributions received during the year	424,400	95,528
Less amortization of deferred contributions related to capital assets	(86,271)	(115,028)
Balance at end of year	\$ 595,919	\$ 257,790

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

9. ADMINISTERED FUNDS

The Pat Dyer, Fircom Retreat and Alistair MacLeod Funds are monies received in prior years specifically to take people of the Downtown Eastside to camps or pay for courses.

The Capital Campaign Fund was established in 2010 to raise funds to provide for a new First United building to better service the Downtown East Side. An amount of \$532 (2019 - \$5) was earned in interest and \$Nil (2019 - \$10,000) was received as donations during the year.

	September 30	December 31
	2020	2019
Capital Campaign	\$ 65,549	\$ 65,016
Pat Dyer	9,764	9,764
Fircom Retreat	2,622	2,622
Alastair MacLeod	2,710	2,711
	\$ 80,645	\$ 80,113

10. DONATIONS IN-KIND

In addition to monetary donations, the Society receives donations in-kind. During the period, the Society received donations of food and supplies in the amount of \$37,482 - 9 months (2019 - \$30,053). These amounts have been recorded as donation revenue and a corresponding expense has been included in general and program expense.

During the period ended September 30, 2020, the Society received equity shares traded on a public stock exchange. The shares were recorded at fair market value as at the date they were contributed and sold shortly after. Total revenue of \$23,372 (2019 - \$28,726) from those donations in-kind was included in donation revenue in the statement of operations.

11. INTERNALLY RESTRICTED FUNDS

Internally restricted funds are to be used for specific purposes determined by the Board of Directors and the capital would only be used for general operations on a temporary basis or in extraordinary circumstances. Income earned on the original donations is used to fund charitable program expenses, unless otherwise approved by the Board of Directors.

	September 30	December 31
	2020	2019
Chalmers fund	\$ 812,622	\$ 700,000
Brownridge fund	108,045	100,000
Mountain View fund	66,089	50,000
	\$ 986,756	\$ 850,000

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

12. OPERATING LEASE COMMITMENTS

The Society has entered into agreements for the lease of equipment and properties leases due to the reallocation for the redevelopment expiring at varying dates through December 2025. Minimum lease payments under these agreements during the next five fiscal years are anticipated to be as follows:

2021	\$	179,939
2022		181,363
2023		169,704
2024		20,727
2025		13,711
	\$	<u>565,444</u>

13. PENSION PLAN

The Society is part of a multi-employer defined benefit pension plan administered by the United Church of Canada. The Society's expense for the period ended September 30, 2020 in respect of pension contributions for eligible employees to the defined benefit pension plan amounted to \$55,966 - 9 months (2019 - \$104,666).

14. SALARIES AND EMPLOYEE BENEFITS

Salaries and employee benefits expense for the period includes two employees who are senior management of the Society who earned over \$75,000 each for a total of \$181,961.50 (2019 – six employees that each earned over \$75,000 for a total of \$558,200).

15. FUNDS IN TRUST

The Pacific Mountain Region - United Church of Canada ("PMR") holds an amount of \$2,000,000 (the "Capital") in trust for the purpose of assisting in the redevelopment of the Society's property. The Society may access the Capital provided that it has progressed from planning to construction by December 31, 2020 with a possible extension to December 31, 2021. The Society has requested an extension to December 31, 2021 and PMR has granted the extension. The Society submitted a development permit application on September 24, 2020. A conditional development permit was granted January 25, 2021.

Investment income from the Capital is available for use by the Society in the planning stage.

The Fund is administered by PMR and the value of the Fund allocated to the Society at September 30, 2020 was \$3,328,987 (December 31, 2019 - \$3,146,324).

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

16. COVID-19 RISK

In March 2020, a global health pandemic was declared due to the COVID-19 virus, which has had a significant impact on businesses and not-for-profit organizations through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact that the COVID-19 health pandemic may have on the Society is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada, U.S. and other countries to fight the virus. The Society continues to monitor its operations and assess the impact COVID-19 will have on its operating activities. At this time, the extent of the effect of the COVID-19 pandemic on the Society is uncertain.

17. ECONOMIC DEPENDENCE

The Society is economically dependent on BC Housing Management Commission ("BCHMC") for its shelter operating funding. In 2020, BCHMC funding comprised 46% of total revenue (2019 - 45%)

18. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current period's presentation. The reclassifications have no effect on the previously reported assets, liabilities and net assets of the Society or previously reported deficiency of revenue over expenses.

**FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
SCHEDULE OF SHELTER OPERATIONS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

SCHEDULE

	<i>September 30</i> 2020	<i>December 31</i> 2019
BC HOUSING MANAGEMENT COMMISSION - OPERATIONAL FUNDING	\$ 1,340,636	\$ 1,814,133
EXPENSES		
Salaries and benefits	1,090,987	1,416,750
General and program	112,280	181,441
Repairs and maintenance - buildings	55,900	92,359
Office	40,726	69,412
Utilities	29,182	36,626
Repairs and maintenance - equipment	14,673	15,368
Professional fees	9,505	19,755
Telephone	5,930	7,974
Legal fees	4,111	10,191
Insurance	1,408	1,454
Resource development	151	128
	1,364,853	1,851,458
DEFICIENCY OF REVENUE OVER EXPENSES FROM SHELTER OPERATIONS	\$ (24,217)	\$ (37,325)