
FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of the First United Church Community Ministry Society

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of the First United Church Community Ministry Society (the "Society"), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations and cash flows for the year 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 December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

Basis for Qualified Opinion

In common with many charitable organizations, the 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 years ended December 31, 2019 and 2018, total assets as at December 31, 2019 and 2018, and net assets at both the beginning and end of the December 31, 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 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



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INDEPENDENT AUDITORS' REPORT

operations, or has no realistic alternative but to do so.

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

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 British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations applied on a consistent basis with that of the preceding year.

Manning Elliott LLP

Chartered Professional Accountants

Vancouver, British Columbia

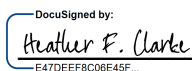
June 24, 2020

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

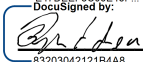
	2019	2018
ASSETS		
CURRENT		
Cash	\$ 538,419	\$ 342,722
Term deposit	50,000	50,000
Short-term investments (Note 3)	977,407	1,130,670
Accounts receivable	12,495	97,664
Inventory	2,416	1,800
Prepaid expenses	12,166	11,117
Due from related party (Note 4)	37,086	76,771
	1,629,989	1,710,744
CAPITAL ASSETS (Note 5)	361,518	424,716
DEVELOPMENT COSTS (Note 6)	99,951	-
	\$ 2,091,458	\$ 2,135,460
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 267,379	\$ 422,711
Government remittances payable	68,850	74,676
Deferred revenue (Note 7)	289,261	201,448
	625,490	698,835
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 8)	257,790	277,290
ADMINISTERED FUNDS (Note 9)	80,113	70,108
DEFERRED CONTRIBUTIONS RELATED TO DEVELOPMENT COSTS (Note 6)	87,231	-
	1,050,624	1,046,233
NET ASSETS		
INTERNALLY RESTRICTED (Note 11)	850,000	850,000
INVESTED IN CAPITAL ASSETS	103,728	147,426
UNRESTRICTED	87,106	91,801
	1,040,834	1,089,227
	\$ 2,091,458	\$ 2,135,460

COMMITMENTS (Note 12)
SUBSEQUENT EVENT (Note 16)

Approved by the Board

DocuSigned by:


Director

DocuSigned by:


Director

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Internally restricted (Note 11)	Invested in capital assets	Unrestricted	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 850,000	\$ 147,426	\$ 91,801	\$ 1,089,227	\$ 1,288,910
Deficiency of revenue over expenses for the year	-	-	(48,393)	(48,393)	(199,683)
Purchase of capital assets	-	96,546	(96,546)	-	-
Amortization of capital assets	-	(159,744)	159,744	-	-
Deferred contributions related to capital assets received	-	(95,528)	95,528	-	-
Amortization of deferred contributions related to capital assets	-	115,028	(115,028)	-	-
NET ASSETS - END OF YEAR	\$ 850,000	\$ 103,728	\$ 87,106	\$ 1,040,834	\$ 1,089,227

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
REVENUES		
BC Housing Management Commission (Schedule)	\$ 1,814,133	\$ 1,647,540
Grants and government funding	1,138,225	1,133,695
Donations (Note 10)	675,107	702,228
Amortization of deferred contributions related to capital assets (Note 8)	115,028	93,654
Property management services (Note 4)	110,000	68,250
Sponsorships and fees	85,209	83,176
Bequest funds received	63,253	239,248
Special projects	13,065	94,824
Sundry income	100	175
	4,014,120	4,062,790
EXPENSES		
Salaries and benefits	3,260,310	3,143,305
General and program	221,503	250,233
Office	194,953	211,336
Amortization	159,744	140,758
Repairs and maintenance - buildings	135,549	155,828
Resource development	55,547	78,260
Professional fees	52,922	58,346
Utilities	52,777	70,511
Repairs and maintenance - equipment	37,464	3,712
Legal fees	35,691	36,066
Telephone	22,940	24,748
Special projects	13,061	96,551
Insurance	3,784	3,385
Bad debts	-	8,680
	4,246,245	4,281,719
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(232,125)	(218,929)
OTHER INCOME (EXPENSES)		
Unrealized gains (losses) on investments	90,098	(43,548)
Gain on sale of investments	85,832	53,319
Investment income	18,943	22,666
Investment management fees	(11,141)	(13,191)
	183,732	19,246
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (48,393)	\$ (199,683)

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (48,393)	\$ (199,683)
Items not affecting cash:		
Amortization	159,744	140,758
Amortization of deferred contributions related to capital assets	(115,028)	(93,654)
Unrealized (gain) loss on investments	(90,098)	43,548
Gain on sale of investments	(85,832)	(53,319)
	(179,607)	(162,350)
Changes in non-cash working capital:		
Term deposits	-	12,500
Accounts receivable	85,169	151,784
Inventory	(616)	-
Prepaid expenses	(1,049)	(8,980)
Due from related party	39,685	(49,676)
Accounts payable and accrued liabilities	(155,332)	88,333
Government remittances payable	(5,826)	74,676
Deferred revenue	87,813	(113,816)
	49,844	154,821
	(129,763)	(7,529)
INVESTING ACTIVITIES		
Purchase of capital assets	(96,546)	(224,768)
Increase in administered funds	10,005	4
Purchase of investments	(226,891)	(331,717)
Proceeds from sale of investments	556,084	588,095
	242,652	31,614
FINANCING ACTIVITIES		
Deferred contributions related to capital assets funding received	95,528	67,781
Deferred capital contributions funding received for development costs	87,231	-
Development costs incurred	(99,951)	-
	82,808	67,781
INCREASE IN CASH FLOW	195,697	91,866
CASH - BEGINNING OF YEAR	342,722	250,856
CASH - END OF YEAR	\$ 538,419	\$ 342,722

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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.

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 equity 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. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(continues)

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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', 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 (see below) 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

As noted above, effective January 1, 2019 the Society adopted Section 4433 'Tangible capital assets held by not-for-profit organizations'. Under the new section, 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 an organization'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 costs for the re-development of the building. No amortization will be recorded until the building is substantially put into use.

(continues)

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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 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

The Society's employees participate in a defined contribution 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 December 31, 2019. These risks have not changed from the prior year except as discussed below:

(continues)

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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 15, 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 investment in quoted shares.

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
YEAR ENDED DECEMBER 31, 2019

3. SHORT-TERM INVESTMENTS

The fair value of investments at December 31, 2019 is \$977,407 (2018 - \$1,130,670). The investments are comprised of:

- mutual funds and money market funds in the amount of \$359,119 (2018 - \$493,962)
- common shares and real estate investment trust in the amount of \$578,665 (2018 - \$569,104)
- exchange traded funds (ETF) in the amount of \$39,623 (2018 - \$67,604)

4. DUE FROM RELATED PARTY

The Society's board of directors includes members 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 year, the Society received property management service fees in the amount of \$110,000 (2018 - \$68,250) services provided to Housing.

In addition, Housing paid wages and benefits in the amount of \$545,936 (2018 - \$466,921) for organization support and staffing services provided by the Society. These amounts are deducted from total salaries and benefits expense.

At the end of the year, the Society has an amount receivable from Housing of \$37,086 (2018 - \$76,771). Those amounts are without any terms of repayment and are interest free and unsecured.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Furniture and equipment	\$ 338,304	\$ 272,228	\$ 66,076	\$ 93,387
Building improvements	669,867	393,497	276,370	311,164
Computer equipment	153,240	134,168	19,072	20,165
	<u>\$ 1,161,411</u>	<u>\$ 799,893</u>	<u>\$ 361,518</u>	<u>\$ 424,716</u>

6. DEVELOPMENT COSTS

The Society is planning to redevelop their property and has started to incur development cost expenses towards this project. The Society received contributions to cover those costs from the First United Church Development Fund (see Note 15). No amortization has been taken at this time.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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.

	2019	2018
Balance at beginning of year	\$ 201,448	\$ 315,264
BC Housing Management Commission	144,694	137,295
Pacific Mountain Region	30,000	-
Hockey Helps the Homeless	27,500	27,500
ProVision	26,400	-
Street to Home	20,625	-
Seedlings grant	18,750	18,750
ProVision lecture series	15,920	2,000
Cash for Socks donations	1,000	-
Pre-ReDevelopment funding	-	6,531
Sponsorship fees received	-	5,000
Contributions received during the year	486,337	512,340
Contributions recognized as revenue during the year	(197,076)	(310,892)
Balance at end of year	\$ 289,261	\$ 201,448

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.

	2019	2018
Balance at beginning of year	\$ 277,290	\$ 303,163
Women's' washroom renovation funding	68,028	-
Security upgrade funding	27,500	22,500
Men's' washroom renovation funding	-	40,281
Hub renovation	-	5,000
Contributions received during the year	95,528	67,781
Less amortization of deferred contributions related to capital assets	(115,028)	(93,654)
Balance at end of year	\$ 257,790	\$ 277,290

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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 \$10,005 (2018 - \$Nil) was received during the year.

	2019	2018
Capital Campaign	\$ 65,016	\$ 55,011
Pat Dyer	9,764	9,764
Fircom Retreats	2,622	2,622
Alastair MacLeod Discretionary	2,711	2,711
	\$ 80,113	\$ 70,108

10. DONATIONS IN-KIND

In addition to monetary donations, the Society receives donations in-kind. During the year, the Society received donations of food and supplies in the amount of \$30,053 (2018 - \$30,466). These amounts have been recorded as donation revenue and a corresponding expense has been included in general and program expense.

During the year ended December 31, 2019, 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 \$28,726 (2018 - \$6,450) 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 operations.

	2019	2018
Chalmers fund	\$ 700,000	\$ 700,000
Brownridge fund	100,000	100,000
Mountain View fund	50,000	50,000
	\$ 850,000	\$ 850,000

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

12. OPERATING LEASE COMMITMENTS

The Society has entered into agreements for the lease of equipment expiring at varying dates through June 2024. Minimum lease payments under these agreements during the next five fiscal years are anticipated to be as follows:

2020	\$	10,619
2021		9,257
2022		8,703
2023		8,703
2024		3,626
		<u>40,908</u>
	\$	<u>40,908</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 year ended December 31, 2019 in respect of pension contributions for certain employees to the defined benefit pension plan amounted to \$104,666 (2018 - \$99,835).

14. SALARIES AND EMPLOYEE BENEFITS

Wages and employee benefits expense for the year includes six employees who are senior management of the Society who earned over \$75,000 each for a total of \$558,200 (2018 – seven employees that each earned over \$75,000 for a total of \$383,757).

15. FUNDS IN TRUST

On January 25, 2011, the Pacific Mountain Region - United Church of Canada (the "Region") (formerly the Vancouver Burrard Presbytery) agreed to allocate partial proceeds from the First United Church Development Fund (the "Fund") from the sale of the Renfrew United Church and the St. John's United Church in the amount of \$2,000,000 (the "Capital") for the purpose of assisting in the redevelopment of the Society's property and building. The criteria for accessing the Capital was that the Society had to demonstrate that it had moved from the planning stage to the construction phase of the redevelopment by December 31, 2015 and show significant progression in redevelopment by December 31, 2016. The Society was unable to move beyond the planning stage in early 2015 and a motion was carried by the Region on May 29, 2015 to extend the deadline to December 31, 2020 with a possible extension to December 31, 2021. Additionally, the Region agreed to a change in use of funds to facilitate redevelopment. Investment income from the Fund accumulated above the Capital would be available for use by the Society in the planning stage of its redevelopment project. To June 24, 2020, a cumulative amount of \$181,400 has been received by the Society since redevelopment restarted in May 2018. The planning stage is still in progress and an extension might be requested from the Fund past the December 31, 2020 deadline. Because of the progress made in 2019 and 2020, including a designated gift from an external donor in 2020 to cover a substantial portion of predevelopment costs and strong indications that a \$25,000,000 capital campaign would be successful at this time, the Society's architect will be submitting a development permit application in the fall of 2020. The Region has indicated that a further extension will be granted if necessary.

The Fund is administered by the Region and the value of the Fund allocated to the Society at December 31, 2019 was \$3,146,324 (2018 - \$2,762,837).

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

16. SUBSEQUENT EVENT

Subsequent to the year end, there was a global outbreak of COVID-19 which has had a significant impact on entities through the restrictions put in place by the Canadian and U.S governments regarding travel, business operations and quarantine orders. The effect of COVID-19 on the future activities of the Society is unknown at this time.

17. ECONOMIC DEPENDENCE

The Society is economically dependent on BC Housing Management Commission ("BCHMC") for its shelter operating funding. In 2019, BCHMC funding comprised 45% of total revenue (2018 - 41%)

18. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year'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
YEAR ENDED DECEMBER 31, 2019

	2019
BC HOUSING MANAGEMENT COMMISSION - OPERATIONAL FUNDING	\$ 1,814,133
EXPENSES	
Salaries and benefits	1,416,750
General and program	181,441
Repairs and maintenance - buildings	92,359
Office	69,412
Utilities	36,626
Professional fees	19,755
Repairs and maintenance - equipment	15,368
Legal fees	10,191
Telephone	7,974
Insurance	1,454
Resource development	128
	1,851,458
DEFICIENCY OF REVENUE OVER EXPENSES FROM SHELTER OPERATIONS	\$ (37,325)

Comparative amounts were not available for the year ended December 31, 2018.