

COCHRANE STREET UNITED CHURCH

Financial Statements

Year Ended December 31, 2019

Draft for discussion purposes only

COCHRANE STREET UNITED CHURCH

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Cochrane Street United Church

We have reviewed the accompanying financial statements of Cochrane Street United Church (the Church) that comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net assets 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 (ASNPO), 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

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Cochrane Street United Church as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Mount Pearl, NL
May 12, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

COCHRANE STREET UNITED CHURCH
Statement of Revenues and Expenditures
Year Ended December 31, 2019

	2019	2018
REVENUES		
Regular offerings	\$ 103,083	\$ 113,894
Special purpose collections	29,891	26,243
Fundraising	9,881	9,477
	142,855	149,614
EXPENDITURES		
Assessment	5,154	7,266
Contribution to Cochrane Centre	198	5,975
Interest on long term debt	723	-
Contribution to General Protestant Cemetery	-	125
Employee related expenses	101,533	86,464
General operating expenditures	27,480	32,389
Insurance	464	441
Interest and bank charges	2,179	2,961
Office expenses	4,430	5,273
Professional fees	6,065	6,950
Training	425	1,341
Travel	320	90
	148,971	149,275
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (6,116)	\$ 339

See notes to financial statements

COCHRANE STREET UNITED CHURCH**Statement of Changes in Net Assets****Year Ended December 31, 2019**

	General Fund	Restoration Fund	Peter's Organ Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ (12,568)	\$ 11,063	\$ 48,562	\$ 47,057	\$ 49,409
DEFICIENCY OF REVENUES OVER EXPENDITURES	(5,344)	(772)	-	(6,116)	339
Increase in Market Value of Investments	-	-	5,851	5,851	(2,691)
NET ASSETS - END OF YEAR	\$ (17,912)	\$ 10,291	\$ 54,413	\$ 46,792	\$ 47,057

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COCHRANE STREET UNITED CHURCH**Statement of Financial Position****December 31, 2019**

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 14,654	\$ 23,478
Marketable securities <i>(Market value)</i>	54,413	48,562
Harmonized sales tax recoverable	1,902	1,241
	\$ 70,969	\$ 73,281
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 3,038	\$ 3,624
Deferred revenue	5,000	5,000
Current portion of long term debt <i>(Note 3)</i>	3,920	-
UCOF Picnic	112	-
Due to Cemetery Fund	100	-
	12,170	8,624
LONG TERM DEBT <i>(Note 3)</i>	12,007	17,600
	24,177	26,224
NET ASSETS		
General fund	(17,912)	(12,568)
Restoration fund	10,291	11,063
Peter's organ fund	54,413	48,562
	46,792	47,057
	\$ 70,969	\$ 73,281

ON BEHALF OF THE BOARD_____
*Director*_____
Director

See notes to financial statements

COCHRANE STREET UNITED CHURCH**Statement of Cash Flows****Year Ended December 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (6,116)	\$ 339
Changes in non-cash working capital:		
Accounts payable	(586)	(865)
Harmonized sales tax payable	(661)	(885)
Employee deductions payable	-	(536)
Due to Cemetary Fund	100	5,000
Due to Mission and Service	-	(5,099)
Due to Bridges to Hope	-	(480)
UCOF Picnic	112	-
Due to Cochrane Centre	-	(1,075)
	(1,035)	(3,940)
Cash flow used by operating activities	(7,151)	(3,601)
FINANCING ACTIVITY		
Repayment of long term debt	(1,673)	(2,400)
DECREASE IN CASH FLOW	(8,824)	(6,001)
Cash - beginning of year	23,478	29,479
CASH - END OF YEAR	\$ 14,654	\$ 23,478

See notes to financial statements

COCHRANE STREET UNITED CHURCH

Notes to Financial Statements

Year Ended December 31, 2019

1. PURPOSE OF THE CHURCH

Cochrane Street United Church (the "Church") is a not-for-profit organization incorporated provincially under the Corporations Act of Newfoundland and Labrador. As a registered charity the church is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Church is a congregation of the United Church of Canada and performs sacraments and pastoral care locally.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Financial instruments

The Church initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and liabilities at amortized cost. The financial assets measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques and outstanding at the reporting date.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Church's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of property, plant and equipment;
- the estimated useful lives of assets;
- the allowance for doubtful accounts;
- the recoverability of long-term investments;

(continues)

COCHRANE STREET UNITED CHURCH

Notes to Financial Statements

Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting

Cochrane Street United Church follows the restricted fund method of accounting for contributions except for funds in the general fund where the deferral method is used.

The General Fund accounts for the Church's program delivery and administrative activities. This fund reports unrestricted resources as they are received or become receivable and restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

The Restoration Fund reports only contributions and the related expenditures for the physical restoration of the building.

The Organ Fund reports only contributions and the related expenditures for the repair of the organ.

Both the restoration and organ funds are externally restricted.

Other investments

Marketable securities have quoted prices in an active market and are carried at fair value. Unrealized gains or losses are reported as part of net income.

Contributed services

The operations of the Church depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

3. LONG TERM DEBT

	2019	2018
United Church of Canada loan bearing interest at 2% per annum, repayable in monthly blended payments of \$350. The loan matures on December 1, 2022 and is unsecured.	\$ 15,927	\$ 17,600
Amounts payable within one year	(3,920)	-
	<u>\$ 12,007</u>	<u>\$ 17,600</u>

Principal repayment terms are approximately:

2020	\$ 3,920
2021	4,000
2022	4,080
2023	3,927
	<u>\$ 15,927</u>

COCHRANE STREET UNITED CHURCH

Notes to Financial Statements

Year Ended December 31, 2019

4. FINANCIAL INSTRUMENTS

The Church is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Church's risk exposure and concentration as of December 31, 2019.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources.

(b) 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 rate risk, interest rate risk and other price risk. The Church is mainly exposed to other price risk.

(c) 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 Church is exposed to other price risk through its investment in quoted shares.

5. Contributions to Partners

During 2019 the following contributions were made to the partners mentioned below:

Partners	Donations	Operating Fund	Total Givings
Cemetery Fund	1,000	-	1,000
M & S	6,014	-	6,014
Cochrane Centre	17,802	198	18,000
Bridges to Hope	1,203	-	1,203
Bahamas Relief	1,640	-	1,640
Burry Heights Camp	559	-	559