
University Hill United Church

Financial Statements For the year ended June 30, 2015 (Unaudited)

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V A N D E R L U I T + A S S O C I A T E S I N C

chartered professional accountants

Review Engagement Report

To the Congregation of
University Hill United Church:

We have reviewed the statement of financial position of University Hill United Church as at June 30, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Church.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

Vancouver, British Columbia
November 3, 2015

A handwritten signature in dark ink that reads "Vanderluit & Associates Inc." in a cursive style.

Chartered Professional Accountants

University Hill United Church
Statement of Financial Position
(Unaudited)

June 30	2015	2014
Assets		
Current		
Cash	\$ 30,411	\$ 5,560
Amounts receivable	2,686	5,833
Prepaid expenses	1,442	1,445
	34,539	12,838
Investments (Note 3)	285,278	265,191
Equipment (Note 4)	2,755	1,873
	\$ 322,572	\$ 279,902
Liabilities, Deferred Contributions and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 6,975	\$ 4,038
Deferred contributions		
Expenses of future periods (Note 6)	13,910	5,300
	20,885	9,338
Net assets		
Invested in Equipment	2,755	1,873
Restricted for Endowment purposes	112,812	53,737
Restricted for Property purposes	161,952	160,925
Internally restricted for Mission Development purposes	53,192	49,089
Internally restricted for Congregational Growth purposes	5,273	4,866
Unrestricted	(34,297)	74
	301,687	270,564
	\$ 322,572	\$ 279,902

Commitments (Note 7)

Approved on behalf of the Committee of Stewards:

Member

Member

University Hill United Church
Statement of Operations
(Unaudited)

For the year ended June 30	2015	2015	2014
	Actual	Budget	Actual
Revenues			
Donations, net (Schedule)	\$ 133,639	\$ 154,750	\$ 133,539
UBC Campus Ministry Grants			
BC Conference	40,477	29,167	56,563
Other Grants	9,483	9,000	10,000
Christian Seasons Calendar (Note 8)	28,929	40,000	40,452
Investment income	4,510	5,000	7,572
	217,038	237,917	248,126
Expenditures			
Activities and affiliations			
Congregational supplies	1,840	1,000	906
Congregational transition	12,924	11,000	13,178
Congregational projects	1,837	1,000	1,765
Minister's discretionary fund	2,471	1,000	1,215
Vancouver-Burrard Presbytery	9,525	9,000	8,893
	28,597	23,000	25,957
Ministry units			
Christian education	14,753	14,500	14,286
Worship and hospitality	1,623	450	712
Music	14,870	10,500	9,450
UBC Campus ministry	40,852	34,700	73,028
Ordained ministry	104,484	96,500	96,225
	176,582	156,650	193,701
General and administrative			
Amortization	740	300	326
Occupancy	25,970	28,500	33,507
Office and miscellaneous	8,354	9,140	8,895
Office salaries	21,433	24,200	23,660
Professional fees	5,325	3,500	3,595
Less: reimbursed costs	(5,799)	(4,000)	(6,814)
	56,023	61,640	63,169
Total expenditures	261,202	241,290	282,827
Excess of revenues over expenses	\$ (44,164)	\$ (3,373)	\$ (34,701)

The accompanying notes form an integral part of these financial statements.

University Hill United Church
Statement of Changes in Net Assets
For the year ended June 30, 2015
(Unaudited)

	<i>Total</i>	<i>Invested in Equipment</i>	<i>Restricted for Endowment purposes</i>	<i>Restricted for Property purposes</i>	<i>Internally restricted for Mission Development purposes</i>	<i>Internally restricted for Congregational Growth purposes</i>	<i>Unrestricted</i>
Balance, July 1, 2014	\$ 270,564	\$ 1,873	\$ 53,737	\$ 160,925	\$ 49,089	\$ 4,866	\$ 74
Net income from operations	(44,164)	-	-	-	4,103	407	(48,674)
Purchase of equipment	-	1,622	-	-	-	-	(1,622)
Amortization of equipment	-	(740)	-	-	-	-	740
Endowment contribution	61,943	-	61,943	-	-	-	-
Endowment investment income (Note 3)	13,344	-	3,069	10,275	-	-	-
Interfund transfer	-	-	(5,937)	(9,248)	-	-	15,185
Balance, June 30, 2015	\$ 301,687	\$ 2,755	\$ 112,812	\$ 161,952	\$ 53,192	\$ 5,273	\$ (34,297)
Balance, July 1, 2013	\$ 277,390	\$ 933	\$ 50,351	\$ 158,782	\$ 44,097	\$ 22,786	\$ 441
Net income (loss) from operations	(34,701)	-	-	-	4,992	2,580	(42,273)
Purchase of equipment	-	1,266	-	-	-	-	(1,266)
Amortization of equipment	-	(326)	-	-	-	-	326
Endowment contribution	250	-	250	-	-	-	-
Endowment investment income (Note 3)	27,625	-	6,189	21,436	-	-	-
Interfund transfer	-	-	(3,053)	(19,293)	-	(20,500)	42,846
Balance, June 30, 2014	\$ 270,564	\$ 1,873	\$ 53,737	\$ 160,925	\$ 49,089	\$ 4,866	\$ 74

The accompanying notes form an integral part of these financial statements.

University Hill United Church
Statement of Cash Flows
(Unaudited)

For the year ended June 30	2015	2014
Cash flows from operating activities		
Cash received from members for operations	\$ 204,193	\$ 137,713
Cash received from grants	49,959	66,563
Cash received from fundraising activities, net	28,929	40,451
Cash used for program and administrative expenditures	(254,375)	(304,240)
	28,706	(59,513)
Cash flows from investing activities		
Cash received from investing activities, net	(3,855)	38,013
	24,851	(21,500)
Increase (decrease) in cash for the year	24,851	(21,500)
Cash, beginning of year	5,560	27,060
Cash, end of year	\$ 30,411	\$ 5,560

The accompanying notes form an integral part of these financial statements.

University Hill United Church
Notes to Financial Statements
(Unaudited)

June 30, 2015

1. Nature and Purpose of the Church

University Hill United Church (the "Church") is a religious organization which is part of the United Church of Canada. The Church is incorporated under the Canada Corporations Act as a non-profit charitable organization and is exempt from income taxes provided certain requirements are met under the Canadian Income Tax Act.

The Church was founded for the following purposes:

- (a) To provide opportunities for fellowship and mutual support.
 - (b) To encourage growth in Christian understanding, faith, and experience through worship, Bible study, and involvement in other activities.
 - (c) To encourage informed participation in the mission of the church in the congregation, the community, the nation, and the world.
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2. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these financial statements are as follows:

- (a) Basis of presentation

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

- (b) Use of estimates

The preparation of these financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results may differ from these estimates. Estimates and assumptions are reviewed periodically based on historical experience and other relevant considerations. Revisions to estimates and assumptions are accounted for prospectively.

- (c) Revenue recognition

The Church uses the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Up to 90% of investment income earned on resources restricted for Property purposes may be transferred for unrestricted use.

Endowment contributions are recognized as direct increases in endowment net assets.

University Hill United Church
Notes to Financial Statements
(Unaudited)

June 30, 2015

2. Summary of Significant Accounting Policies (continued)

(d) Internally Restricted Net Assets

Includes internally restricted net assets for **Mission Development** purposes and reports only resources that are to be used to fund mission ventures of the congregation. The funds are dispensed only by decision of a duly constituted congregational meeting. Interest or other income earned in the year is to be re-invested.

Includes internally restricted net assets for **Congregational Growth** purposes and reports only resources that are to be used for funding projects which would further the stated mission of the congregation and promote its numerical and spiritual growth. The funds will be dispensed only by motion duly passed by the Stewards of the congregation. Interest or other income earned in the year are to be re-invested back in the same fund.

(e) Endowment Net Assets

Includes externally restricted net assets for **Property Purposes**. The restriction is imposed by the Vancouver-Burrard Presbytery and requires 10% of the annual investment income to be reinvested. The remainder is unrestricted and may be used for operations.

Includes externally restricted net assets for **Endowment Purposes**. The restriction requires all the capital plus a portion of income received to be retained in the fund to maintain its purchasing power. The retention rate will be specified by the Stewards annually in consultation with the investment advisors to the congregation.

(f) Equipment

Equipment is recorded at cost. Amortization is calculated at 20% and 45% diminishing balance based on the estimated useful lives of the assets.

(g) Financial instruments

Measurement of financial instrument

The Church initially measures its financial instruments at fair value, except for certain non-arm's length transactions.

The Church subsequently measures all its financial instruments at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial instruments measured at amortized cost consist of cash, amounts receivable and accounts payable and accrued liabilities.

University Hill United Church
Notes to Financial Statements
(Unaudited)

June 30, 2015

2. Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. If an impairment exists, the amount of the write-down is recognized in the statement of operations the period impairment was determined. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, 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 reversal is recognized in net income

Risks

It is management's opinion that the Church is not exposed to significant currency, interest or credit risk on these financial instruments. The Church is exposed to market risk as the fair value or future cash flows from investments will fluctuate due to changes in market prices.

(h) Contributed services

Volunteers contribute numerous hours per year to assist the Church in carrying out its services and activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

University Hill United Church
Notes to Financial Statements
(Unaudited)

June 30, 2015

3. Investments

Investments consist of various investments in marketable securities and are stated at fair value.

Restricted funds of \$274,764 (2014 - \$214,662) are included in investments.

	2015		2014	
	Fair Market Value	Adjusted Cost Base	Fair Market Value	Adjusted Cost Base
Cash and cash equivalents	\$ 20,806	\$ 20,806	\$ 30,387	\$ 30,387
Fixed income	97,013	96,656	71,407	70,000
Equities	156,329	132,625	110,507	81,982
Partnership and trust units	11,130	6,896	52,890	45,837
	\$ 285,278	\$ 256,983	\$ 265,191	\$ 228,206

Investment income:

	2015	2014
Capital gains	\$ 22,261	\$ 16,074
Dividends	3,849	6,596
Income distribution	5,216	2,592
Management fees	(4,419)	(4,168)
Unrealized capital gains	(8,689)	14,725
	\$ 18,218	\$ 35,819

Investment income is allocated as follows:

Externally restricted for:

Endowment purposes	\$ 3,069	\$ 6,189
Property purposes	10,275	21,436
Total Endowment investment income ⁽¹⁾	13,344	27,625

Internally restricted for:

Mission Development purposes ⁽¹⁾	4,103	4,992
Congregational Growth purposes ⁽¹⁾	407	2,580
Total Internally Restricted investment income	4,510	7,572

Restricted for Congregational Supplies - Flowers

	364	622
	\$ 18,218	\$ 35,819

⁽¹⁾ Refer to Statement of Changes in Net Assets

University Hill United Church
Notes to Financial Statements
(Unaudited)

June 30, 2015

4. Equipment

	Cost	Accumulated Amortization	2015
Office equipment	\$ 14,991	\$ 12,236	\$ 2,755
	Cost	Accumulated Amortization	2014
Office equipment	\$ 13,369	\$ 11,496	\$ 1,873

5. Accounts Payable and Accrued Liabilities

	2015	2014
Accounts payable and accrued liabilities	\$ 5,198	\$ 3,663
Government remittances payable	1,777	375
	\$ 6,975	\$ 4,038

6. Deferred Contributions Related to Expenses of Future Periods

Deferred contributions related to expenses of future periods represent contributions to outside projects that have not yet been forwarded at the year-end.

	June 30 2014	Restricted contributions	Expensed in the year	June 30 2015
Mission & Service Fund	\$ 2,521	\$ 9,401	\$ 9,625	\$ 2,297
UBC Campus Ministry	-	50,375	40,852	9,523
Minister's Discretionary Fund	215	40	255	-
First United Church	731	3,297	3,188	840
UCC Programs	570	1,205	1,455	320
Congregational Supplies (Note 3)	908	489	822	575
Other Projects	355	1,838	1,838	355
	\$ 5,300	\$ 66,645	\$ 58,035	\$ 13,910

University Hill United Church
Notes to Financial Statements
(Unaudited)

June 30, 2015

6. Deferred Contributions Related to Expenses of Future Periods (continued)

	June 30 2013	Restricted contributions	Expensed in the year	June 30 2014
Mission & Service Fund	\$ -	\$ 11,903	\$ 9,382	\$ 2,521
UBC Campus Ministry	-	73,028	73,028	-
Minister's Discretionary Fund	-	215	-	215
First United Church	-	3,092	2,361	731
UCC Programs	50	1,330	810	570
Congregational Supplies (Note 3)	971	737	800	908
Other Projects	355	1,288	1,288	355
	\$ 1,376	\$ 91,593	\$ 87,669	\$ 5,300

7. Commitments

The Church has entered into lease agreements for its premises and is committed to make monthly lease payments until August 31, 2020. The commitment for the next year 5 years are as follows:

2016	\$ 26,667
2017	32,000
2018	32,000
2019	32,000
2020	32,000
Thereafter	<u>5,333</u>
	\$ 160,000

University Hill United Church
Notes to Financial Statements
(Unaudited)

June 30, 2015

8. Christian Seasons Calendar

The Christian Seasons Calendar is a missional project of the Church.

	<u>2015</u>	<u>2014</u>
Sales	<u>\$ 52,112</u>	<u>\$ 57,764</u>
Expenses		
Printing costs	7,625	6,743
Artwork	3,600	3,600
Design	2,752	2,700
Shipping	5,676	1,607
Other	<u>3,530</u>	<u>2,662</u>
	<u>23,183</u>	<u>17,312</u>
Net income	<u>\$ 28,929</u>	<u>\$ 40,452</u>

9. Prior Year Comparative Figures

Certain prior year comparative figures have been reclassified to conform to the current year's presentation.

University Hill United Church
Schedule of Donations
(Unaudited)

For the year ended June 30	2015	2014
Donations		
Unrestricted		
Envelope givings	\$ 115,134	\$ 123,330
Open givings	7,193	6,011
	122,327	129,341
Restricted for programs		
UBC Campus Ministry	175	820
Invitational Ministry and Special Projects		
Retirement Fund	7,715	-
Sandwich Making	1,120	643
Minister's Discretionary Fund	255	-
Native Ministries' Dinner	225	470
Student Activities	200	1,345
Other Projects	800	120
	10,315	2,578
Congregational Supplies		
Flowers and Beautification	822	800
	\$ 133,639	\$ 133,539