



Grant Thornton

Financial Statements

Metropolitan United Church

December 31, 2020

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Independent Auditor's Report

Grant Thornton LLP

11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100

F +1 416 360 4949

To the Members of
Metropolitan United Church

Qualified Opinion

We have audited the financial statements of Metropolitan United Church (the "Church"), which comprise the statement of financial position as at December 31, 2020, and the statements of revenue and expenditures, changes in fund balances 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 matters described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Church as at December 31, 2020, 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 ("ASNPO").

Basis for Qualified Opinion

In common with many charitable organizations, the Church derives revenue from local tithes and offerings, special gifts and appeals, and other donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded by the Church. Accordingly, we were not able to determine whether any adjustments might be necessary to the revenue, excess (deficiency) of revenue over expenditures and cash flows from operations for the year ended December 31, 2019, current assets as at December 31, 2019 and fund balances as at January 1, 2020 and 2019 and December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of these limitations in scope.

The Church also derives revenue from parking operations, the completeness of which is not susceptible to satisfactory audit verification as a result of the Church's service provider's inability to implement the requisite controls over parking revenue received and the inability to perform alternative procedures over parking revenue received. Accordingly, we were not able to determine whether any adjustments might be necessary to the revenue, excess (deficiency) of revenue over expenditures and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019 and fund balances as at January 1, 2020 and 2019 and December 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of these limitations in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Church in accordance with the 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.

Other matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedules is presented for the purposes of additional information and has been subjected to the auditing procedures applied only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the Church's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Church or to cease operations, or has no realistic alternative to do so.

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

Auditor's 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 auditor's 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 Church'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 Church's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Church 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.

Grant Thornton LLP

Toronto, Canada
April 28, 2021

Chartered Professional Accountants
Licensed Public Accountants

Metropolitan United Church

Statement of Financial Position

December 31

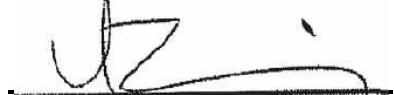
	Operating	Trust	Total 2020	Total 2019
Assets				
Current assets				
Cash	\$ 692,491	\$ 1,074,808	\$ 1,767,299	\$ 1,258,350
Accounts receivable	328,911	479	329,390	227,544
Due to Operating (from Trust)	227,426	(227,426)	-	-
Prepaid expenditures	<u>5,712</u>	<u>-</u>	<u>5,712</u>	<u>1,092</u>
	1,254,540	847,861	2,102,401	1,486,986
Investments (Note 3)	-	3,144,486	3,144,486	2,909,556
Capital assets (Note 4)	<u>24,500</u>	<u>4,414,011</u>	<u>4,438,511</u>	<u>2,657,802</u>
	<u>\$ 1,279,040</u>	<u>\$ 8,406,358</u>	<u>\$ 9,685,398</u>	<u>\$ 7,054,344</u>

Liabilities and Fund Balances

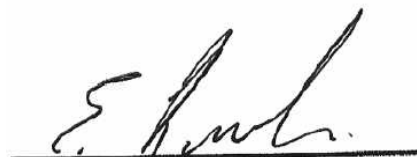
Current liabilities				
Accounts payable and accrued liabilities	\$ 106,804	\$ 364,345	\$ 471,149	\$ 344,592
Deferred revenue (Note 5)	94,537	-	94,537	31,097
Long-term debt (Note 6)	<u>-</u>	<u>61,898</u>	<u>61,898</u>	<u>26,856</u>
	201,341	426,243	627,584	402,545
Deferred capital contributions (Note 7)	-	198,177	198,177	171,576
Long-term debt (Note 6)	<u>-</u>	<u>3,259,332</u>	<u>3,259,332</u>	<u>1,925,999</u>
	<u>201,341</u>	<u>3,883,752</u>	<u>4,085,093</u>	<u>2,500,120</u>
Fund balances				
Unrestricted Funds (Note 8)	599,266	1,132,574	1,731,840	1,289,227
Invested in capital assets	24,500	530,259	554,759	405,745
Externally Restricted Funds (Note 9)	453,933	1,705,310	2,159,243	1,715,453
Endowment Funds (Note 10)	<u>-</u>	<u>1,154,463</u>	<u>1,154,463</u>	<u>1,143,799</u>
	<u>1,077,699</u>	<u>4,522,606</u>	<u>5,600,305</u>	<u>4,554,224</u>
	<u>\$ 1,279,040</u>	<u>\$ 8,406,358</u>	<u>\$ 9,685,398</u>	<u>\$ 7,054,344</u>

Commitments (Note 11)

On behalf of the Board of Directors



Director



Treasurer

Metropolitan United Church

Statement of Revenue and Expenditures

Year ended December 31

	(Schedule 1) Unrestricted - Operating	(Schedule 2) Unrestricted - Trust	Unrestricted - Total	(Schedule 1) Externally restricted - Operating	(Schedule 2) Externally restricted - Trust	Externally restricted - Total	(Schedule 2) Endowment - Trust	Total 2020	Total 2019
Revenue									
Parking	\$ 1,172,858	\$ -	\$ 1,172,858	\$ -	\$ -	\$ -	\$ -	\$ 1,172,858	\$ 1,345,863
Donations	-	1,691	1,691	119,829	613,163	732,992	5,020	739,703	711,897
Local tithes and offerings	346,853	-	346,853	-	-	-	-	346,853	306,881
Canada Emergency Wage Subsidy	325,572	-	325,572	-	-	-	-	325,572	-
Unrealized gain on investments	-	77,235	77,235	-	124,978	124,978	4,495	206,708	221,263
Program	81,150	-	81,150	-	-	-	-	81,150	141,583
Investment income	-	26,811	26,811	-	44,687	44,687	1,560	73,058	71,448
Mission and Service donations (Note 12)	45,392	-	45,392	-	-	-	-	45,392	50,821
Special gifts and appeals	38,131	-	38,131	-	-	-	-	38,131	49,182
Realized gain on investments	-	4,690	4,690	-	4,981	4,981	180	9,851	46,558
Miscellaneous	341	-	341	-	-	-	-	341	16,711
	<u>2,010,297</u>	<u>110,427</u>	<u>2,120,724</u>	<u>119,829</u>	<u>787,809</u>	<u>907,638</u>	<u>11,255</u>	<u>3,039,617</u>	<u>2,962,207</u>
Expenditures									
Ministry and personnel (Note 13)	1,096,647	-	1,096,647	-	-	-	-	1,096,647	1,109,680
Property	272,295	-	272,295	-	-	-	-	272,295	265,232
Maintenance	-	1,358	1,358	-	186,201	186,201	-	187,559	123,737
Board and trustee	105,416	-	105,416	-	-	-	-	105,416	126,172
Restricted programs	-	-	-	70,021	-	70,021	-	70,021	82,135
Administration	69,355	-	69,355	-	-	-	-	69,355	77,981
Mission and Service (Note 12)	45,752	-	45,752	-	-	-	-	45,752	50,820
Program	35,475	-	35,475	-	-	-	-	35,475	88,259
Investment management fees	-	10,145	10,145	-	16,870	16,870	591	27,606	26,160
	<u>1,624,940</u>	<u>11,503</u>	<u>1,636,443</u>	<u>70,021</u>	<u>203,071</u>	<u>273,092</u>	<u>591</u>	<u>1,910,126</u>	<u>1,950,176</u>
Excess of revenue over expenditures before amortization	<u>385,357</u>	<u>98,924</u>	<u>484,281</u>	<u>49,808</u>	<u>584,738</u>	<u>634,546</u>	<u>10,664</u>	<u>1,129,491</u>	<u>1,012,031</u>
Amortization	-	(83,410)	(83,410)	-	-	-	-	(83,410)	(69,489)
Excess of revenue over expenditures	<u>\$ 385,357</u>	<u>\$ 15,514</u>	<u>\$ 400,871</u>	<u>\$ 49,808</u>	<u>\$ 584,738</u>	<u>\$ 634,546</u>	<u>\$ 10,664</u>	<u>\$ 1,046,081</u>	<u>\$ 942,542</u>

See accompanying notes and schedules to the financial statements.

Metropolitan United Church

Statement of Changes in Fund Balances

Year ended December 31

	Unrestricted	Invested in capital assets	Externally Restricted	Endowment	Total 2020	Total 2019
Balance, beginning of year	\$ 1,289,227	\$ 405,745	\$ 1,715,453	\$ 1,143,799	\$ 4,554,224	\$ 3,611,682
Excess (deficiency) of revenue over expenditures	484,281	(83,410)	634,546	10,664	1,046,081	942,542
Interfund transfers	<u>(41,668)</u>	<u>232,424</u>	<u>(190,756)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 1,731,840</u>	<u>\$ 554,759</u>	<u>\$ 2,159,243</u>	<u>\$ 1,154,463</u>	<u>\$ 5,600,305</u>	<u>\$ 4,554,224</u>

See accompanying notes and schedules to the financial statements.

Metropolitan United Church

Statement of Cash Flows

Year ended December 31

2020

2019

Increase (decrease) in cash

Operating

Excess of revenue over expenditures	\$ 1,046,081	\$ 942,542
Items not affecting cash		
Amortization	83,410	69,489
Deferred capital contributions recognized	-	(10,699)
Realized gain on sale of investments	(9,851)	(46,558)
Unrealized gain on investments	(206,708)	(221,263)

912,932 733,511

Change in non-cash working capital items

Accounts receivable	(101,846)	95,548
Prepaid expenditures	(4,620)	2,237
Accounts payable and accrued liabilities	126,557	(20,414)
Deferred revenue	63,440	9,467

83,531 86,838

Deferred capital contributions received (Note 7)

26,601 76,521

1,023,064 896,870

Investing

Purchase of investments	(663,487)	(1,127,137)
Proceeds on sale of investments	645,116	1,113,518
Purchase of capital assets	(1,864,119)	(2,268,951)

(1,882,490) (2,282,570)

Financing

Proceeds from long-term debt	<u>1,368,375</u>	<u>1,952,855</u>
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Increase in cash

508,949 567,155

Cash, beginning of year

1,258,350 691,195

Cash, end of year

\$ 1,767,299 \$ 1,258,350

Metropolitan United Church

Notes to the Financial Statements

December 31, 2020

1. Nature of operations

Metropolitan United Church (the "Church") is a congregation of the United Church of Canada. The Church is unincorporated and a registered charity under the Canadian Income Tax Act. The Trustees are responsible for holding in trust for the congregation all lands, premises, buildings and property acquired for use by the Church. The Trustees are also responsible for the investment and disbursement of capital funds and donations acquired through legacies and special donations.

The Church consists of two distinct operations: The Operating is under the jurisdiction of the official Board of the Church. The Trust is under the jurisdiction of the Board of Trustees of the Church.

2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The significant accounting policies selected by the Church and applied in these financial statements are summarized below.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess (deficiency) of revenue over expenditures as appropriate in the fiscal year they become known.

Fund accounting

The accounts are maintained in accordance with the principles of fund accounting, whereby fund balances of the Church are classified for accounting and reporting purposes into funds to be used according to the directions of the donor or as determined by the Church.

Unrestricted Funds

The Unrestricted Funds include revenue received from unrestricted donations and gifts, programs, parking, government assistance, property development, facilities rentals, and unrestricted investment income less unrestricted expenditures. The unrestricted funds include funds internally restricted by the Board of Directors.

Invested in capital assets

Invested in capital assets represents the funds invested in capital assets and is adjusted for amortization, and purchases and disposals of capital assets in the period.

Externally Restricted Funds

The Externally Restricted Funds report non-endowment contributions that are received with external restrictions on their use as dictated in Note 9, as well as any investment income earned less related restricted expenditures.

Endowment Funds

The Endowment Funds account for grants and gifts, the principal of which must be permanently maintained. The investment income earned, and investment costs incurred on these endowments are recorded in the unrestricted or relevant endowment or restricted fund in accordance with the instructions of the endowment.

Metropolitan United Church

Notes to the Financial Statements

December 31, 2020

2. Summary of significant accounting policies (continued)

Interfund transfers

Transfers between funds are required when resources of one fund have been used to finance activities in another fund. Transfers are authorized by the Board of the Church or the Board of Trustees of the Church and are consistent with the obligations of the fund from which the resources are transferred.

Capital assets

Purchased capital assets are recorded at cost. The Church provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Office equipment	5 years straight-line
Building improvements	10 - 20 years straight-line
Furniture and equipment	5 years straight-line
Organ	20 years straight-line

Artwork is not amortized and is carried at its appraised value at the time of donation to the Church.

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of revenue and expenditures. Any impairment recognized is not reversed.

Revenue recognition

The Church follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue of the Unrestricted Funds in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions for which no restricted fund has been established are deferred and recognized as revenue of the Unrestricted Funds in the year in which the related expenditures are incurred. Externally restricted contributions for capital assets for which no restricted fund has been established are deferred and amortized over the life of the asset. All other restricted contributions are recognized as revenue of the appropriate externally restricted fund.

Parking revenue is recognized as earned.

Canada Emergency Wage Subsidy revenue relates to government assistance and is recognized in the statement of revenue and expenditures when received or receivable in the year to which it relates.

Investment income includes interest, dividends and realized and unrealized gains (losses). Interest income and dividends are recognized as earned as investment income. Realized gains (losses) are recognized when the security is sold. Unrealized gains (losses) are recognized as changes in the fair value occur. Interest income, dividends, realized gains (losses) and unrealized gains (losses) are allocated to the Unrestricted and Externally Restricted Funds in accordance with the terms of the Endowment Funds for Endowment Funds and to the Externally Restricted Funds for the Externally Restricted Funds proportionately based on the average balance of the funds.

Metropolitan United Church

Notes to the Financial Statements

December 31, 2020

2. Summary of significant accounting policies (continued)

Contributed goods and services

Contributed goods are recorded at fair market value at the date of contribution. Volunteers contribute time to assist the Church in carrying out its activities. Because of the difficulty in determining their fair value, the value of contributed services is not recognized in the financial statements.

Financial instruments

The Church considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Church's financial instruments are comprised of cash, accounts receivable, investments, accounts payable and long-term debt. The Church initially measures its financial assets and liabilities at fair value. The Church subsequently measures all its financial assets and liabilities at amortized cost, except for investments, which are measured at fair value.

3. Investments

	<u>2020</u>	<u>2019</u>
Bonds	\$ 1,721,323	\$ 1,665,677
Foreign equities	794,969	650,218
Canadian equities	536,051	496,947
Pooled funds	<u>92,143</u>	<u>96,714</u>
	<u>\$ 3,144,486</u>	<u>\$ 2,909,556</u>

The bonds earn interest at rates from 1.55% to 3.80% (2019 – 1.20% to 3.80%) per annum and mature between January 2021 and June 2030 (2019 – June 2020 and December 2029). Investments maturing in the next fiscal year are expected to be reinvested and are accordingly presented as long-term assets.

4. Capital assets

			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Operating				
Office equipment	\$ 32,094	\$ 32,094	\$ -	\$ -
Artwork	<u>24,500</u>	<u>-</u>	<u>24,500</u>	<u>24,500</u>
	<u>56,594</u>	<u>32,094</u>	<u>24,500</u>	<u>24,500</u>
Trust				
Building improvements	9,021,276	4,753,026	4,268,250	2,585,816
Furniture and equipment	204,194	58,433	145,761	47,486
Organ	<u>288,696</u>	<u>288,696</u>	<u>-</u>	<u>-</u>
	<u>9,514,166</u>	<u>5,100,155</u>	<u>4,414,011</u>	<u>2,633,302</u>
	<u>\$ 9,570,760</u>	<u>\$ 5,132,249</u>	<u>\$ 4,438,511</u>	<u>\$ 2,657,802</u>

Included in building improvements is \$3,631,527 (2019 - \$1,846,803) of assets that are not in use and accordingly, amortization has not commenced.

Metropolitan United Church

Notes to the Financial Statements

December 31, 2020

5. Deferred revenue

	<u>Opening balance</u>	<u>Received</u>	<u>Closing balance</u>
Farmer's market	\$ 10,000	\$ 41,630	\$ 51,630
HUB project	8,697	15,000	23,697
CIT- HIF Salaries	10,000	-	10,000
Event deposits and other	2,400	3,810	6,210
COVID outreach	<u>-</u>	<u>3,000</u>	<u>3,000</u>
	<u>\$ 31,097</u>	<u>\$ 63,440</u>	<u>\$ 94,537</u>

6. Long-term debt

In December 2018, the Church signed an agreement for a mortgage with advances to start in the first quarter of 2019. The mortgage is for \$3,500,000 with the Toronto United Church Council for the purpose of financing future renovations. Under the terms of the agreement, interest is payable monthly at 4.44% per annum during the initial construction phase with blended payments of principal and interest commencing upon the completion of construction. Construction was completed in early 2021 and the interest rate was fixed at 4.00% per annum, effective March 1, 2021. Blended payments of principal and interest began on April 1, 2021 for a term of 3 years commencing on March 1, 2021, with the debt being amortized over 25 years. At as December 31, 2020, \$3,321,230 has been advanced on the mortgage. Subsequent to year end, the full \$3,500,000 has been advanced.

	<u>2020</u>	<u>2019</u>
Long-term debt	\$ 3,321,230	\$ 1,952,855
Less: current portion	<u>61,898</u>	<u>26,856</u>
	<u>\$ 3,259,332</u>	<u>\$ 1,925,999</u>

The long-term debt is secured by a first mortgage against the Church and a commitment to make lump sum payments on the loan of any revenue earned in a fiscal year greater than \$1,000,000 from parking operations.

Future minimum principal payments are estimated as follows, based on the balance outstanding at year end:

2021	\$ 61,898
2022	86,096
2023	<u>3,173,236</u>
	<u>\$ 3,321,230</u>

7. Deferred capital contributions

	<u>Opening balance</u>	<u>Received</u>	<u>Closing balance</u>
Tower window – Trust	\$ 111,626	\$ 26,601	\$ 138,227
Narthex window – Trust	<u>59,950</u>	<u>-</u>	<u>59,950</u>
	<u>\$ 171,576</u>	<u>\$ 26,601</u>	<u>\$ 198,177</u>

Metropolitan United Church

Notes to the Financial Statements

December 31, 2020

8. Unrestricted Funds

	<u>2020</u>	<u>2019</u>
Unrestricted Operating	<u>\$ 599,266</u>	<u>\$ 177,545</u>
Mortgage repayment fund	400,372	245,855
Building and maintenance fund	173,644	266,345
Amount unspent and held for deferred capital contributions	164,160	171,576
General reserve trust fund	122,997	110,388
Joseph Prosser Denholm fund	117,575	83,738
Peter Bryce memorial fund	66,665	53,984
Jackman memorial fund	52,353	154,679
Wishful Thinking fund	<u>34,808</u>	<u>25,117</u>
Unrestricted Trust	<u>1,132,574</u>	<u>1,111,682</u>
	<u>\$ 1,731,840</u>	<u>\$ 1,289,227</u>

9. Externally Restricted Funds

	<u>2020</u>	<u>2019</u>
Jean Stinson Out of the Cold fund	\$ 96,033	\$ 92,127
MetReach99 - Outreach support	76,029	76,029
Organ fund	69,350	55,517
Concert fund	58,971	48,354
Carillon fund	34,812	35,212
Memorial and flower fund	28,451	22,374
Refugee sponsorship fund	24,721	26,771
Silver Band fund	22,347	22,409
Good Samaritan fund	30,431	12,594
Christian education fund	8,672	8,622
MacVicar music fund	<u>4,116</u>	<u>4,116</u>
Externally Restricted Operating	<u>453,933</u>	<u>404,125</u>
Capital campaign fund	760,591	468,886
Gilson fund for capital	190,000	-
Manse fund	176,952	162,189
Toronto men's hostel fund	158,569	135,564
Wayne C. Vance organ scholar fund	85,566	55,150
Ron McKinlay organ trust fund	71,402	54,302
Tow lectureship trust fund	68,525	61,934
Dunlop-Linn music fund	57,225	45,928
Sam Schulze music fund	35,370	37,399
Organ fund	39,260	35,235
The Marg and Jim Norquay music fund	21,490	14,068
Massey (Parsonage) memorial fund	20,884	41,018
Stockdale-Vernon music fund	19,476	17,851
North-end renovation capital project fund	<u>-</u>	<u>181,804</u>
Externally Restricted Trust	<u>1,705,310</u>	<u>1,311,328</u>
	<u>\$ 2,159,243</u>	<u>\$ 1,715,453</u>

Metropolitan United Church

Notes to the Financial Statements

December 31, 2020

9. Externally Restricted Funds (continued)

The Capital campaign fund relates to the current capital campaigns for the renewal of the carillon, restoration of the sanctuary and refurbishment of the park.

10. Endowment Funds

	<u>2020</u>	<u>2019</u>
Wayne C. Vance organ scholar fund	\$ 331,100	\$ 331,080
Joseph Prosser Denholm fund	212,488	212,488
Toronto men's hostel fund	112,103	112,103
Ron McKinlay organ trust fund	95,400	95,400
Dunlop-Linn music fund	88,724	86,724
Massey (Parsonage) memorial fund	79,464	79,464
Peter Bryce memorial fund	68,000	68,000
Wishful Thinking fund	59,724	59,724
Flanders-Jolliffe fund	56,550	47,906
The Marg and Jim Norquay fund	<u>50,910</u>	<u>50,910</u>
	<u>\$ 1,154,463</u>	<u>\$ 1,143,799</u>

11. Commitments

The Church has entered into two operating lease agreements for equipment expiring through April 2023. Minimum annual lease payments are as follows:

2021	\$ 4,686
2022	3,585
2023	<u>2,988</u>
	<u>\$ 11,259</u>

12. Mission and Service donations

Donations designed for Mission and Service fund are collected through the Church and remitted to the United Church of Canada.

Metropolitan United Church

Notes to the Financial Statements

December 31, 2020

13. Pension plan

The Church makes contributions to the United Church of Canada's (UCC) pension plan, which is a multi-employer plan, on behalf of eligible employees of the Church. UCC has a defined benefit pension plan which specifies the amount of the retirements benefit to be received by the employees based upon the length of service and rates of pay. Every three years, an independent actuary determines the fund status of the UCC pension plan by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the plan was conducted at December 31, 2017. The result of this valuation disclosed total actuarial liabilities of \$1,247,469,000 with respect to benefits accrued for services with actuarial assets at that date of \$1,555,476,000, indicating an actuarial surplus of \$308,007,000. Because UCC is a multi-employer plan, any plan surpluses or deficits are a joint responsibility of members of the UCC plan and their employees. As a result, the Church does not recognize any share of the plan surplus or deficit.

Contributions made by the Church on behalf of its employees during 2020 were \$67,279 (2019 - \$64,046) and are included in ministry and personnel expenditures in the statement of revenue and expenditures.

The UCC is a related party of the Church as the UCC has influence over the operations of the Church given it is the overarching governing body.

14. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

Credit risk

Credit risk is the risk of financial loss occurring as a result of a counterparty to a financial instrument failing to discharge an obligation or commitment that it has entered into with the Church. The Church's main credit risks relate to its accounts receivable.

The Church reduces its exposure to credit risk by assessing credit on a regular basis and providing for an allowance for doubtful accounts when applicable. At December 31, 2020, the allowance for doubtful accounts is \$Nil (2019 - \$Nil).

Interest rate risk

Interest rate price risk is the risk that the fair value of an interest bearing financial instrument will fluctuate due to changes in market interest rates. The Church's exposure to interest rate price risk is limited to its fixed interest bearing investments and fixed interest bearing long-term debt.

Liquidity risk

Liquidity risk is the risk that the Church will encounter difficulty in raising funds to meet commitments associated to its financial liabilities. The Church is exposed to liquidity risk mainly in respect to accounts payable and long-term debt.

The Church manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations.

Metropolitan United Church

Notes to the Financial Statements

December 31, 2020

14. Financial instruments (continued)

Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in the rate of exchange between Canadian and foreign currencies. As at December 31, 2020, the Church owns \$794,969 (2019 - \$650,218) in foreign currency investments which are subject to currency risk as the values of investments are affected by exchange rate fluctuations.

To manage this risk, the Church follows an investment policy which requires a diversified portfolio meeting specific requirements.

Other price risk

The Church is exposed to certain price risks which cause the fair value of its investments to fluctuate.

To manage this risk, the Church follows an investment policy which requires a diversified portfolio meeting specific requirements.

15. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.

16. COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Church for future periods. As at the audit report date, the Church continues to operate services online, with the intention to open in-person services as restrictions allow. While its revenue has declined relative to historical trends, the Church continues to access government assistance, of which \$40,904 was accrued for at year end. The Church remains committed to adjusting its expenditures as necessary to ensure its long-term sustainability.

Metropolitan United Church Schedule 1

Statement of Revenue and Expenditures – Operating Funds

Year ended December 31

	Unrestricted Funds	Externally Restricted Funds	Total 2020	Total 2019
Revenue				
General				
Parking	\$ 1,172,858	\$ -	\$ 1,172,858	\$ 1,345,863
Local tithes and offerings	346,853	-	346,853	306,881
Canadian Emergency Wage Subsidy	325,572	-	325,572	-
Restricted donations	-	119,829	119,829	130,996
Mission and Service donations (Note 12)	45,392	-	45,392	50,821
Special gifts and appeals	38,131	-	38,131	49,182
Miscellaneous	341	-	341	16,711
	<u>1,929,147</u>	<u>119,829</u>	<u>2,048,976</u>	<u>1,900,454</u>
Program				
Grants	69,287	-	69,287	60,287
Community services	7,578	-	7,578	25,158
Property	4,285	-	4,285	56,138
	<u>81,150</u>	<u>-</u>	<u>81,150</u>	<u>141,583</u>
	<u>2,010,297</u>	<u>119,829</u>	<u>2,130,126</u>	<u>2,042,037</u>
Expenditures				
Ministry and personnel (Note 13)	1,096,647	-	1,096,647	1,109,680
Property	272,295	-	272,295	265,232
Restricted	-	70,021	70,021	82,135
Board	64,560	-	64,560	72,115
Administration	69,355	-	69,355	77,981
Mission and Service (Note 12)	45,752	-	45,752	50,820
Trustee	40,856	-	40,856	54,057
Program				
Outreach	15,093	-	15,093	6,468
Music	8,828	-	8,828	20,815
Worship	5,937	-	5,937	13,049
Miscellaneous	3,141	-	3,141	12,062
Congregational care	2,476	-	2,476	17,983
HUB project	-	-	-	17,882
	<u>1,624,940</u>	<u>70,021</u>	<u>1,694,961</u>	<u>1,800,279</u>
Excess of revenue over expenditures before amortization	385,357	49,808	435,165	241,758
Amortization	-	-	-	(10,700)
Excess of revenue over expenditures	<u>\$ 385,357</u>	<u>\$ 49,808</u>	<u>\$ 435,165</u>	<u>\$ 231,058</u>

Metropolitan United Church
Statement of Revenue and Expenditures – Trust Funds

Schedule 2

Year ended December 31

	Unrestricted Funds	Externally Restricted Funds	Endowment Funds	Total 2020	Total 2019
Revenue					
Donations	\$ 1,691	\$ 613,163	\$ 5,020	\$ 619,874	\$ 580,901
Unrealized gain on investments	77,235	124,978	4,495	206,708	221,263
Investment income	26,811	44,687	1,560	73,058	71,448
Realized gain on investments	4,690	4,981	180	9,851	46,558
	<u>110,427</u>	<u>787,809</u>	<u>11,255</u>	<u>909,491</u>	<u>920,170</u>
Expenditures					
Maintenance	1,358	186,201	-	187,559	123,737
Investment management fees	10,145	16,870	591	27,606	26,160
	<u>11,503</u>	<u>203,071</u>	<u>591</u>	<u>215,165</u>	<u>149,897</u>
Excess of revenue over expenditures before amortization	<u>98,924</u>	<u>584,738</u>	<u>10,664</u>	<u>694,326</u>	<u>770,273</u>
Amortization	<u>(83,410)</u>	<u>-</u>	<u>-</u>	<u>(83,410)</u>	<u>(58,789)</u>
Excess of revenue over expenditures	<u>\$ 15,514</u>	<u>\$ 584,738</u>	<u>\$ 10,664</u>	<u>\$ 610,916</u>	<u>\$ 711,484</u>