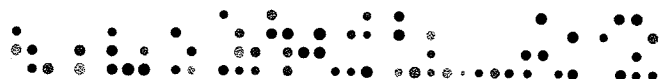


ST. PAUL'S UNITED CHURCH
FINANCIAL STATEMENTS
DECEMBER 31, 2012
UNAUDITED



**MELISSA L.
COULSON**
CHARTERED ACCOUNTANT



ST PAUL'S UNITED CHURCH
UNAUDITED

DECEMBER 31, 2012

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**MELISSA L.
COULSON**
CHARTERED ACCOUNTANT

A Professional Corporation

35 Hugh Street
Milton, Ontario L9T 2C7
Tel: 905.876.4633
Fax: 905.876.2064
melissacoulson.ca

Review Engagement Report

TO THE MEMBERS OF ST. PAUL'S UNITED CHURCH:

I have reviewed the balance sheet of St. Paul's United Church as at December 31, 2012 and the statement of operations and changes in fund balances and statement of cash flows for the year then ended. My 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 me by the organization.

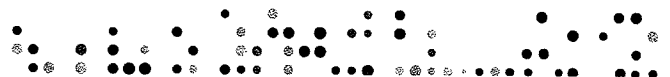
A review does not constitute an audit and consequently, I do not express an audit opinion on these financial statements.

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

I draw attention to Note 3 to the financial statements which describes that St. Paul's United Church adopted the Canadian Accounting Standards for Not-for-Profit Organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at December 31, 2011 and January 1, 2011, and the statements of income, retained earnings and cash flows for the year ended December 31, 2011 and related disclosures. I was not engaged to report on the restated comparative information and, as such, it is neither audited nor reviewed.

Melissa L. Coulson C.A. Professional Corporation
Authorized to practise public accounting by
The Institute of Chartered Accountants of Ontario

June 24, 2013
Milton, Ontario



St. Paul's United Church

BALANCE SHEET
UNAUDITED

As at

	December 31 2012 \$	December 31 2011 \$	January 1 2011 \$
ASSETS			
Current			
Cash	542,986	126,759	31,857
Cash - trustees	5,020	10,169	20,103
Cash - restricted (note 4)	75,000	-	-
Accounts receivable	10,232	7,963	9,600
Government remittances receivable	69,638	9,773	16,362
Short term investments held by church	-	202,757	39,155
Short term investments held by trustees	-	33,307	32,892
Total current assets	702,876	390,728	149,969
Long term assets			
Capital assets (note 5)	831,187	66,793	83,492
Long term investments held by trustees (note 6)	297,922	701,640	699,716
Total long term assets	1,129,109	768,433	783,208
	1,831,985	1,159,161	933,177
LIABILITIES & FUND BALANCES			
Current			
Accounts payable and accrued liabilities	145,740	13,856	35,926
Government remittances	1,610	-	-
Fund balances payable	11,104	9,106	11,867
Mission support grant	-	1,998	9,434
Deferred insurance revenue	463,860	295,602	75,525
Total current liabilities	622,314	320,562	132,752
Fund balances			
Unrestricted	(155,243)	(119,127)	(60,099)
Restricted	1,364,914	957,726	860,524
	1,209,671	838,599	800,425
	1,831,985	1,159,161	933,177

The accompanying notes are an integral part of these financial statements

Approved on behalf of Council:

St. Paul's United Church

**STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCES**
UNAUDITED

Year ended December 31

	Operating Fund	Capital Fundraising Fund	Trustees Fund	Insurance Fund	2012 Total	2011 Total
REVENUE						
Donations	228,563	478,993	350	-	707,906	362,060
Other income	39,640	-	-	103,939	143,579	54,609
Satellite ministry	44,627	-	-	-	44,627	47,938
Investment revenue	6,105	-	18,722	-	24,827	34,039
Rental revenue	10,623	-	2,200	-	12,823	35,071
Outreach funding	2,503	-	-	-	2,503	4,364
Fellowship events revenue	-	-	-	-	-	15,181
	332,061	478,993	21,272	103,939	936,265	553,262
EXPENSES						
Salaries and benefits	143,028	-	-	-	143,028	189,881
Amortization	13,358	64,007	-	22,410	99,775	16,698
Satellite ministry	58,006	-	-	-	58,006	49,796
Insurance	1,422	33,147	-	12,456	47,025	8,211
Congregation expenses	33,482	-	-	-	33,482	18,866
Professional fees	12,103	18,418	-	-	30,521	10,335
United Church of Canada M&S transfer	27,555	-	-	-	27,555	32,478
Repairs and maintenance	16,593	9,187	100	10,013	35,893	56,422
Housing allowance	26,067	-	-	-	26,067	48,481
Utilities	10,008	7,726	-	-	17,734	19,096
Office supplies	5,237	9,425	-	-	14,662	11,077
Outreach	7,250	-	-	-	7,250	13,733
Rental property	-	-	5,231	-	5,231	3,050
Action teams	3,825	1,209	-	-	5,034	10,680
Travel	4,699	-	-	-	4,699	8,131
Advertising	170	3,230	-	-	3,400	1,871
Telephone and internet	3,391	-	-	-	3,391	3,144
Interest and bank charges	1,964	219	47	191	2,421	2,377
Fellowship events	19	-	-	-	19	10,761
	368,177	146,568	5,378	45,070	565,193	515,088
Excess (deficiency) of revenue over expenses	(36,116)	332,425	15,894	58,869	371,072	38,174
Fund balance, beginning of year	(119,127)	170,136	794,552	(6,962)	838,599	800,425
Interfund transfers	-	364,523	(364,523)	-	-	-
Fund balance, end of year	(155,243)	867,084	445,923	51,907	1,209,671	838,599

The accompanying notes are an integral part of these financial statements

St. Paul's United Church

STATEMENT OF CASH FLOWS
UNAUDITED

Year ended December 31

	2012	2011
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	371,072	38,174
Amortization	99,775	16,698
Changes in non-cash working capital items:		
Increase in accounts receivable	(2,269)	1,637
Increase in government remittances receivable	(59,865)	6,589
Decrease in mission support grant	(1,998)	(7,436)
(Decrease) increase in accounts payable and accrued liabilities	131,884	(22,070)
Increase in government remittances payable	1,610	-
Decrease in fund balances payable	1,998	(2,761)
Increase in deferred insurance revenue	168,258	220,077
Cash provided by operating activities	710,465	250,908
INVESTING ACTIVITIES		
Redemption (purchase) of short term investments	236,065	(164,016)
Purchase of capital assets	(864,170)	-
Acquisition of long term investments	403,718	(1,924)
Cash used in investing activities	(224,387)	(165,940)
Net change in cash	486,078	84,968
Cash, beginning of year	136,928	51,960
Cash, end of year	623,006	136,928
Cash is comprised of:		
Cash	542,986	126,759
Cash - trustees	5,020	10,169
Cash - restricted	75,000	-
	623,006	136,928

The accompanying notes are an integral part of these financial statements

St. Paul's United Church

NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED

December 31, 2012

1. NATURE OF OPERATIONS

St. Paul's United Church ("the Organization" or "the Church") was incorporated under the Business Corporations Act of Ontario without share capital by letters patent on January 1, 1967. The Organization is a place of worship associated with the United Church of Canada. There is also a Christian Education Centre attached to the Church which is rented to various non-profit organizations.

The Organization is a charitable organization and is exempt from income tax under section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profits. The significant policies are detailed as follows:

Fund accounting

St. Paul's United Church follows the deferral method of accounting for contributions.

- (i) Operating Fund
Revenue and expenses relating to the ongoing operations of the congregation and the building are reported in the operating fund.
- (ii) Capital Fundraising Fund
Revenue and expenses relating to the fundraising of required funds for the restoration of the church.
- (iii) Trustees fund
Revenue and expenses relating to the activities of the board of trustees flows through this fund.
- (iv) Insurance Fund
Established for the revenue and expenses relating to the insurance funds received from the fire in 2010

St. Paul's United Church

NOTES TO THE FINANCIAL STATEMENTS
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December 31, 2012

Revenue recognition

Revenue relating to rental income is recognized in the period which the related service is rendered. Revenue from fundraising and donations is recognized when received. Revenue from investments is recognized on an accrual basis.

Deferred revenue represents unearned proceeds from insurance claims relating to a fire within the building. Revenue is recognized each year in the amount of expenses incurred for which the proceeds were received for.

Capital assets

Capital assets are recorded at cost. The Church provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their useful lives. In the year of acquisition, annual rates are applied at one half of the applicable rates. The annual rates are as follows:

Church Property	20%
Furniture and fixtures	20%
Computer equipment	50%

Volunteer services

St. Paul's United Church benefits from substantial services in the form of volunteer time. Since these invaluable services are not purchased by the Organization, they are not recorded in these financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts disclosed in the financial statements. Actual results could differ from those estimates. In particular, the useful life of fixed assets is estimated.

Financial Instruments

Credit Risk

It is management's belief that the company is not subject to significant credit risk. All accounts receivable are typically collected within a reasonable time frame.

St. Paul's United Church

NOTES TO THE FINANCIAL STATEMENTS
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December 31, 2012

Fair Values

The fair values of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to their short-term nature. The fair value of the shareholders loan and long term debt is not easily determinable and is therefore not calculated.

Interest Rate Risk

The company is exposed to interest rate risk on the variable interest rate it pays on its long term debt. Since management has the ability to lock in this rate at a fixed amount at any time, the risk is nominal.

3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

Effective January 1, 2012, the Company adopted the requirements of the CICA handbook and has adopted Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO). This framework is in accordance with Canadian Generally Accepted Accounting Principles. These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out in the significant policy note have been applied in preparing the financial statement for the period ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening balance sheet as at January 1, 2011 which is the Company's date of transition.

The Company issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting XFI. The adoption of ASNFPPO has no impact on the previously reported assets, liabilities and equity of the Company, and accordingly, no adjustments have been recorded in the comparative balance sheet, income statement, statement of retained earnings and the cash flow statement. Certain of the Company's presentation and disclosure included in these financial statements reflect the new presentation and disclosure requirements of ASNFPPO.

4. RESTRICTED CASH

The church has a \$75,000 GIC held with Scotiabank earning interest at 1.6% maturing in 2014 which is held as collateral for overdraft protection.

St. Paul's United Church

NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED

December 31, 2012

5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	2012 \$	2011 \$
Church property	864,169	86,416	777,753	1
Furniture and fixtures	92,766	39,333	53,433	66,791
Computer equipment	7,835	7,834	1	1
	<u>964,770</u>	<u>133,583</u>	<u>831,187</u>	<u>66,793</u>

6. LONG TERM INVESTMENTS

Long term investments held by the trustees are detailed as follows:

	2012 \$	2011 \$
GIC's held with RBC earning interest ranging from 1.24% to 3.30% maturing from 2013-2015	52,172	81,359
Property located in Milton, Ontario; recorded at cost	245,750	245,750
GIC's held with Scotiabank earning interest at various rates maturing in 2012	-	374,531
	<u>297,922</u>	<u>701,640</u>

7. CAPITAL MANAGEMENT

The Church's main objective when managing capital is to safeguard its ability to continue as a going concern, so that it can ensure the continuation of its services to the community.

The capital structure of the Church consists of unrestricted fund balances and internally restricted assets. The Church manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets. The Church's primary use of capital is to finance non-cash working capital requirements and capital expenditures which are currently funded from its internally generated cash flows.

The unrestricted fund balances are managed to ensure the Church can continue to provide stable services to the community.

St. Paul's United Church

NOTES TO THE FINANCIAL STATEMENTS
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December 31, 2012

The internally restricted fund balances are broken into various reserves each with a specific purpose and are managed to ensure the Church can continue with its operations in the current facilities.

The Trustees Fund consists of internally and externally restricted amounts. Externally restricted amounts refer to those gifts which have been specifically directed to the Trustees Fund by the donor. Internally restricted amounts are those which were given by donors to the Church without such a direction and have been transferred to the Trustees Fund by the Board.