
**FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

INDEPENDENT AUDITORS' REPORT

To the Members of First United Church Community Ministry Society

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of First United Church Community Ministry Society (the "Society"), which comprise the statement of financial position as at September 30, 2022, 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 September 30, 2022, and the results of its operations and 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, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended September 30, 2022 and September 30, 2021, total assets as at September 30, 2022 and September 30, 2021, and net assets at both the beginning and end of September 30, 2022 and September 30, 2021. Our audit opinion on the financial statements for the year ended September 30, 2021 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 operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

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.

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 accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Manning Elliott LLP

Chartered Professional Accountants
Vancouver, British Columbia
March 8, 2023

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	Operating	Redevelopment	Internally restricted	2022	2021
ASSETS					
CURRENT					
Cash and cash equivalents	\$ 472,118	\$ 5,873,398	\$ -	\$ 6,345,516	\$ 2,777,426
Investments (Notes 3, 11)	-	-	936,354	936,354	1,056,416
Accounts receivable	39,753	20,745	-	60,498	81,670
Due from related party (Note 4)	171,697	-	-	171,697	323,252
Prepaid expenses	58,533	20,534	-	79,067	26,505
	742,101	5,914,677	936,354	7,593,132	4,265,269
CAPITAL ASSETS (Note 5)	3,000,000	2,252,658	-	5,252,658	9,395,049
DEVELOPMENT COSTS (Note 6)	-	3,510,331	-	3,510,331	1,711,941
INTERFUND RECEIVABLE (PAYABLE)	(6,688)	6,688	-	-	-
	\$ 3,735,413	\$ 11,684,354	\$ 936,354	\$ 16,356,121	\$ 15,372,259


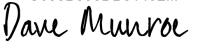
See notes to financial statements

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	Operating	Redevelopment	Internally restricted	2022	2021
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$ 365,737	\$ 129,016	\$ -	\$ 494,753	\$ 607,095
Government remittances payable	41,649	-	-	41,649	33,521
Deferred revenue (Note 7)	179,066	-	-	179,066	244,296
	586,452	129,016	-	715,468	884,912
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 8)	-	1,668,869	-	1,668,869	434,252
DEFERRED CONTRIBUTIONS RELATED TO DEVELOPMENT COSTS (Note 9)	-	9,833,606	-	9,833,606	4,428,046
HOLDBACK PAYABLE	-	46,175	-	46,175	-
	586,452	11,677,666	-	12,264,118	5,747,210
NET ASSETS (DEFICIT)	3,148,961	6,688	936,354	4,092,003	9,625,049
	\$ 3,735,413	\$ 11,684,354	\$ 936,354	\$ 16,356,121	\$ 15,372,259

OPERATING LEASE COMMITMENTS (Note 12)

ON BEHALF OF THE BOARD


DocuSigned by:
6635B335DB01492... _____ Director

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See notes to financial statements

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Operating	Redevelopment	Internally restricted	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 8,568,633	\$ -	\$ 1,056,416	\$ 9,625,049	\$ 9,230,570
(Deficiency) excess of revenue over expenses for the year	(5,419,672)	6,688	(120,062)	(5,533,046)	394,479
NET ASSETS - END OF YEAR	\$ 3,148,961	\$ 6,688	\$ 936,354	\$ 4,092,003	\$ 9,625,049

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Operating	Redevelopment	Internally restricted	2022	2021
REVENUE					
BC Housing Management Commission (<i>Schedule</i>)	\$ 1,688,777	\$ -	\$ -	\$ 1,688,777	\$ 1,740,454
Donations (<i>Note 10</i>)	1,401,066	7,320	-	1,408,386	983,785
Amortization of deferred contributions related to development costs (<i>Note 9</i>)	-	1,068,956	-	1,068,956	834,245
Grants and Government funding	1,011,954	-	-	1,011,954	1,506,990
Amortization of deferred contributions related to capital assets (<i>Note 8</i>)	434,252	208,609	-	642,861	161,667
Bequest funds received	233,728	-	-	233,728	130,428
Property management services (<i>Note 4</i>)	92,194	-	-	92,194	73,725
Sponsorships and fees	51,275	-	-	51,275	79,648
Sundry income	50,905	-	-	50,905	7,679
Special projects	12,311	-	-	12,311	23,185
	4,976,462	1,284,885	-	6,261,347	5,541,806

See notes to financial statements

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF OPERATIONS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Operating	Redevelopment	Internally restricted	2022	2021
EXPENSES					
Salaries and benefits (Notes 4, 13, 14)	3,656,815	379,249	-	4,036,064	3,652,659
Office	247,374	329,492	-	576,866	330,323
Amortization of capital assets	149,038	316,320	-	465,358	321,986
Rent	109,859	196,642	-	306,501	167,839
General and program (Note 10)	184,966	-	-	184,966	182,040
Professional fees	42,955	62,639	-	105,594	187,405
Legal	90,362	-	-	90,362	34,176
Repairs and maintenance - buildings	86,348	2,412	-	88,760	128,551
Fundraising	72,955	-	-	72,955	60,375
Utilities	60,026	7,944	-	67,970	69,312
Property taxes	55,388	-	-	55,388	242
Insurance	49,454	-	-	49,454	42,894
Telephone	28,621	6,802	-	35,423	30,277
Repairs and maintenance - equipment	3,966	12,289	-	16,255	4,742
Special projects	12,311	-	-	12,311	8,745
	4,850,438	1,313,789	-	6,164,227	5,221,566
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	126,024	(28,904)	-	97,120	320,240
OTHER INCOME (EXPENSES)					
Gain (loss) on sale of investments	(351)	3,968	53,540	57,157	21,342
Investment income	3,307	34,286	-	37,593	4,221
Loss on foreign exchange	(1,919)	-	-	(1,919)	-
Investment management fees	-	-	(6,166)	(6,166)	(6,857)
Unrealized (loss) gain on investments	-	-	(167,436)	(167,436)	55,533
Write down of capital assets (Note 5)	(322,533)	(2,662)	-	(325,195)	-
Impairment loss on land (Note 5)	(5,224,200)	-	-	(5,224,200)	-
	(5,545,696)	35,592	(120,062)	(5,630,166)	74,239
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (5,419,672)	\$ 6,688	\$ (120,062)	\$ (5,533,046)	\$ 394,479

See notes to financial statements

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	2022	2021
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses for the year	\$ (5,533,046)	\$ 394,479
Items not affecting cash:		
Amortization of capital assets	465,358	321,986
Amortization of deferred contributions related to capital assets	(642,861)	(161,667)
Amortization of deferred contributions related to development costs	(1,068,956)	(834,245)
Write down of capital assets	325,195	-
Impairment loss on land	5,224,200	-
Unrealized loss (gain) on investments	167,436	(55,533)
Gain on sale of investments	(57,157)	(21,342)
	(1,119,831)	(356,322)
Changes in non-cash working capital:		
Accounts receivable	21,172	72,024
Inventory	-	2,416
Prepaid expenses	(52,562)	(7,758)
Accounts payable and accrued liabilities	(112,342)	95,950
Government remittances payable	8,128	(12,014)
Deferred revenue	(65,230)	(54,063)
Holdback payable	46,175	-
	(154,659)	96,555
	(1,274,490)	(259,767)
INVESTING ACTIVITIES		
Proceeds from sale of investments	344,590	1,014,184
Purchase of investments	(334,807)	(985,090)
Purchase of capital assets	(1,872,362)	(822,248)
Development costs incurred	(1,798,390)	(1,102,401)
Administered funds	-	(80,645)
Redemption of term deposits	-	50,000
	(3,660,969)	(1,926,200)
FINANCING ACTIVITIES		
Deferred contributions related to capital assets received	1,877,478	-
Deferred contributions related to development costs received	6,474,516	3,949,360
Due from related party	151,555	(236,822)
	8,503,549	3,712,538
INCREASE IN CASH FLOW	3,568,090	1,526,571
CASH - BEGINNING OF YEAR	2,777,426	1,250,855
CASH - END OF YEAR	\$ 6,345,516	\$ 2,777,426

See notes to financial statements

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

PURPOSE OF THE SOCIETY

First United Church Community Ministry Society (the "Society") is incorporated under the British Columbia Societies Act. The Society's activities consist 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.

The COVID-19 health pandemic has had a significant impact on social and economic activity through the restrictions put in place by various levels of government regarding travel, business operations and isolation/quarantine orders. The Society continues to monitor its operations and assess the impact COVID-19 will have on its operating activities.

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:

The Society's policy is to record revenue and expenses in the statement of operations and then allocate them to the designated funds as follows:

- i) The operating fund is for the Society's operating activities.
 - ii) The redevelopment fund is to be used for the redevelopment of the Society's property.
 - iii) The internally restricted fund is to be used for specific purposes determined by the board of directors.
- (a) Cash and cash equivalents

Cash includes cash on hand and balances held with banks.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(b) Financial instruments

i) Measurement

The Society's financial instruments consist of cash, investments, accounts receivable, due from related party, accounts payable and holdback 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 equity 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 the 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

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost. Transaction costs associated with the financial instruments measured at amortized cost are capitalized and are included in the acquisition cost or deducted against proceeds on disposal.

(c) 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, revenue 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 valuation of accounts receivable, the determination of the useful lives of capital assets used for calculating amortization, measurement of deferred revenue, deferred contributions related to capital assets and development costs and the amounts recorded as accrued liabilities.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(d) Capital assets and development costs

Capital assets are stated at cost less accumulated amortization and amortized over their estimated useful lives on the straight line basis as follows:

Furniture and equipment	10 years
Building improvements	2 to 10 years
Leasehold improvement	term of the lease
Computer equipment	5 years
Automobiles	10 years

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 the Society'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.

The Society has started to incur development costs for the re-development of the building. No amortization will be recorded on the building until the building is substantially put into use.

(e) 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, including realized and unrealized capital gains, 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, unless the costs relate to expenditures expensed during the year.

(f) 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.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(g) Employee future benefits

Eligible employees of the Society participate in a defined benefit plan administered by the United Church of Canada. Pension 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). In management's opinion, the Society is not exposed to significant credit, liquidity, market, currency, interest rate or other price risks arising from these financial instruments, except as described below. In addition, there has been no significant change in risk exposure from the prior year.

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 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. 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. At September 30, 2022 and 2021, an allowance for doubtful accounts was not considered necessary by management.

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.

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.

Currency risk

Currency risk is the risk to the Society's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is not exposed to significant currency risk.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

2. FINANCIAL INSTRUMENTS RISKS (*continued*)

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. 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. Due to the minimal income stream from its investment income, it is management's opinion that the Society does not need to mitigate its interest rate risk.

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 investments. The Society mitigates this risk by maintaining a diversified portfolio and by regularly reviewing its investment structure and strategy.

Concentration of risk and economic dependence

The Society is economically dependent on BC Housing Management Commission ("BCHMC") for its shelter operating funding. In 2022, BCHMC funding comprised 37% of operating revenue (2021 - 38%).

3. INVESTMENTS

Internally restricted investments consist of a large diversified long-term fund invested by the Pacific Mountain Region (PMR) of the United Church of Canada (see Note 11).

4. DUE FROM RELATED PARTY

The Society's board of directors includes one director who is also director 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 \$92,194 (2021 - \$73,725) services provided to Housing.

In addition, Housing paid salaries and benefits in the amount of \$879,057 (2021 - \$877,811) for organization support and staffing services provided by the Society.

At September 30, 2022, \$171,697 (2021 - \$323,252) is due from Housing. Amounts invoiced have receivable terms of 30 days repayment and are interest free and unsecured. Housing has fallen behind on payment under these terms, however, the balance outstanding as at September 30, 2022 has been fully collected as of the date of issuance of these financial statements.

All related party transactions were made in the normal course of operations and have been recorded at the amounts paid or received as established and agreed upon by the related parties.

As of January 1, 2023, the Society no longer provides property management services to Housing, and the Societies are not related by common management or directors.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 8,224,200
Building	-	-	-	424,400
Furniture and equipment	190,775	28,701	162,074	166,453
Building improvements	-	-	-	110,893
Leasehold improvements	2,327,228	386,062	1,941,166	318,312
Computer equipment	23,266	14,343	8,923	20,888
Automobiles	193,883	53,388	140,495	129,903
	\$ 5,735,152	\$ 482,494	\$ 5,252,658	\$ 9,395,049

On September 8, 2020, the Society acquired the land and building located at 320 East Hastings Street, Vancouver, for a nominal amount of \$10. At that time, the Society recorded the land and building at their fair values per BC Assessment of \$8,224,200 and \$424,400, respectively. As at September 30, 2022, an impairment loss was recorded on the land in the amount of \$5,224,200 as a result of an independent appraisal report prepared which indicated that the most recent fair value of the land was less than the carrying amount. The building was vacated in June 2022 to allow for the construction of a new building, and therefore the Society recorded a write down of \$325,195 to the building and related improvements.

6. DEVELOPMENT COSTS

The Society is redeveloping its property and has incurred development costs as follows:

	2022	2021
Balance at beginning of year	\$ 1,711,941	\$ 609,540
Development costs incurred during the year	1,798,390	1,102,401
	\$ 3,510,331	\$ 1,711,941

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

	2022	2021
Balance at beginning of year	\$ 244,296	\$ 298,359
Contributions received during the year	132,119	191,288
Contributions recognized as revenue during the year	(197,349)	(245,351)
	\$ 179,066	\$ 244,296

	2022	2021
BC Housing Management Commission	\$ 132,119	\$ 145,038
UCC, Partnership Circles	30,000	30,000
Street to Home Foundation	16,947	29,258
Seedlings grant	-	33,750
ProVision	-	6,250
	\$ 179,066	\$ 244,296

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets, represent restricted contributions that have been spent to purchase capital assets. These contributions are amortized at the same rate as the underlying assets.

	2022	2021
Balance at beginning of year	\$ 434,252	\$ 595,919
Contributions received during the year	1,877,478	-
Contributions recognized as revenue during the year	(642,861)	(161,667)
	\$ 1,668,869	\$ 434,252

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

9. DEFERRED CONTRIBUTIONS RELATED TO DEVELOPMENT COSTS

Deferred contributions related to development costs represent funds received in advance for the future development of its property and certain related expenditures.

	2022	2021
Balance at beginning of year	\$ 4,428,046	\$ 1,312,931
Contributions received during the year	6,474,516	3,949,360
Contributions recognized as revenue during the year	(1,068,956)	(834,245)
	\$ 9,833,606	\$ 4,428,046

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 \$21,750 (2021 - \$25,757). These amounts have been recorded as donation revenue and a corresponding expense has been included in general and program expense.

During the year, 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 \$38,941 (2021 - \$30,229) from these 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 charitable program expenses, unless otherwise approved by the Board of Directors.

	2022	2021
Chalmers fund	\$ 771,114	\$ 869,989
Brownridge fund	102,526	115,672
Mountain View fund	62,714	70,755
	\$ 936,354	\$ 1,056,416

12. OPERATING LEASE COMMITMENTS

The Society has entered into agreements for the lease of equipment and properties leases due to the reallocation for the redevelopment expiring at varying dates through January 2028. Minimum lease payments under these agreements during the next five fiscal years are anticipated to be as follows:

2023	\$ 504,580
2024	351,300
2025	258,254
2026	47,052
2027	6,433
Thereafter	635

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

13. PENSION PLAN

Retirement benefits for employees of the Society are provided through the pension plan of The United Church of Canada (the "Plan"). The Plan is a multi-employer pension plan which provides pensions for members of the Ministry personal and lay employees of the Office of the General Council and any Regional Council or Pastoral Charge of the United Church of Canada. The Plan is a contributory defined benefit pension plan which is financed by contributions from participating employers and employees, and by the investment earnings of the Plan.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2021, indicated an actuarial surplus of \$276,000,000 for basic pension benefits. The next valuation will be as at December 31, 2024 with results available in 2025. The actuary does not attribute portions of the unfunded liability to individual employers.

The Society's expense for the year in respect of pension contributions for eligible employees to the defined benefit pension plan amounted to \$128,610 (2021 - \$127,200) and has been recorded as salaries and benefits expense in the statement of operations.

14. SALARIES AND EMPLOYEE BENEFITS

Salaries and employee benefits expense for the year includes eight employees who are senior management of the Society who earned over \$75,000 each for a total of \$729,266 (2021 – ten employees that each earned over \$75,000 for a total of \$947,453).

15. FUNDS IN TRUST

During the year, the Society withdrew \$2,000,000 (2021 - \$Nil) from the Capital Fund held with Pacific Mountain Region - United Church of Canada ("PMR") and \$1,300,000 (2021 - \$Nil) from the Income Fund. A loss of \$445,643 (2021 - gain of \$441,657) was recorded to the Income Fund. The purpose of these funds is to assist in the redevelopment of the Society's property. As construction on the property began in the current fiscal year, the Society was able to access the Capital Fund through a Board resolution and has been recorded as deferred contributions related to development costs.

The Fund is administered by PMR and the value of the Fund allocated to the Society at September 30, 2022 was \$25,001 (2021 - \$3,770,644).

16. COMPARATIVE FIGURES

Certain amounts from the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Such reclassification does not have any impact on the total assets, total net assets, or excess of revenues over expenses previously reported.

**FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
SCHEDULE OF SHELTER OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

SCHEDULE

	2022	2021
BC HOUSING MANAGEMENT COMMISSION - OPERATIONAL FUNDING	\$ 1,688,777	\$ 1,740,454
EXPENSES		
Salaries and benefits	1,635,835	1,530,551
Office	128,016	66,700
General and program	82,091	58,103
Legal fees	79,269	-
Repairs and maintenance - buildings	58,985	90,618
Utilities	52,063	45,364
Insurance	43,116	28,162
Professional fees	41,255	18,940
Repairs and maintenance - equipment	18,521	12,333
Telephone	8,528	6,003
	2,147,679	1,856,774
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM SHELTER OPERATIONS	\$ (458,902)	\$ (116,320)