
**FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

INDEPENDENT AUDITORS' REPORT

To the Members of First United Church Community Ministry Society

Report on the Audit of 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, 2023, 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, 2023, 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, 2023 and September 30, 2022, total assets as at September 30, 2023 and September 30, 2022, and net assets at both the beginning and end of September 30, 2023 and September 30, 2022. Our audit opinion on the financial statements for the year ended September 30, 2022 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

MANNING ELLIOTT LLP
Chartered Professional Accountants
Vancouver, British Columbia
February 27, 2024

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

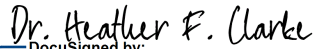
	Operating	Redevelopment	Internally restricted	2023	2022
ASSETS					
CURRENT					
Cash and cash equivalents	\$ 469,553	\$ 13,151,668	\$ -	\$ 13,621,221	\$ 6,345,516
Investments (Notes 3, 11)	-	-	914,276	914,276	936,354
Accounts receivable	238,898	134,876	-	373,774	60,498
Prepaid expenses	80,582	20,534	-	101,116	79,067
Due from related party (Note 4)	-	-	-	-	171,697
	789,033	13,307,078	914,276	15,010,387	7,593,132
CAPITAL ASSETS (Note 5)	3,000,000	1,662,437	-	4,662,437	5,252,658
DEVELOPMENT COSTS (Note 6)	-	9,428,711	-	9,428,711	3,510,331
	\$ 3,789,033	\$ 24,398,226	\$ 914,276	\$ 29,101,535	\$ 16,356,121

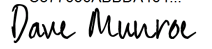
FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

	Operating	Redevelopment	Internally restricted	2023	2022
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$ 283,015	\$ 1,484,374	\$ -	\$ 1,767,389	\$ 494,753
Government remittances payable	36,717	-	-	36,717	41,649
Deferred revenue (Note 7)	188,878	-	-	188,878	179,066
	508,610	1,484,374	-	1,992,984	715,468
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 8)	-	1,192,049	-	1,192,049	1,668,869
DEFERRED CONTRIBUTIONS RELATED TO DEVELOPMENT COSTS (Note 9)	-	21,339,597	-	21,339,597	9,833,606
HOLDBACK PAYABLE	-	382,206	-	382,206	46,175
	508,610	24,398,226	-	24,906,836	12,264,118
NET ASSETS	3,280,423	-	914,276	4,194,699	4,092,003
	\$ 3,789,033	\$ 24,398,226	\$ 914,276	\$ 29,101,535	\$ 16,356,121

OPERATING LEASE COMMITMENTS (Note 12)

ON BEHALF OF THE BOARD


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 _____ Director


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 _____ Director

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Operating	Redevelopment	Internally restricted	2023 Balance
NET ASSETS - BEGINNING OF YEAR	\$ 3,148,961	\$ 6,688	\$ 936,354	\$ 4,092,003
Excess (deficiency) of revenue over expenses	31,464	(6,688)	77,920	102,696
Interfund transfers (Note 16)	99,998	-	(99,998)	-
NET ASSETS - END OF THE YEAR	\$ 3,280,423	\$ -	\$ 914,276	\$ 4,194,699

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

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Operating	Redevelopment	Internally restricted	2023	2022
REVENUE					
BC Housing Management Commission (<i>Schedule</i>)	\$ 2,075,510	\$ -	\$ -	\$ 2,075,510	\$ 1,688,777
Donations (<i>Note 10</i>)	1,556,796	3,690	-	1,560,486	1,408,386
Grants and Government funding	931,502	230,000	-	1,161,502	1,011,954
Amortization of deferred contributions related to development costs (<i>Note 9</i>)	-	746,334	-	746,334	1,068,956
Amortization of deferred contributions related to capital assets (<i>Note 8</i>)	-	476,820	-	476,820	642,861
Sundry income	64,839	-	-	64,839	50,905
Sponsorships and fees	59,600	-	-	59,600	51,275
Bequest funds received	39,000	-	-	39,000	233,728
Property management services (<i>Note 4</i>)	23,048	-	-	23,048	92,194
Special projects	10,240	-	-	10,240	12,311
	4,760,535	1,456,844	-	6,217,379	6,261,347

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF OPERATIONS *(continued)*
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Operating	Redevelopment	Internally restricted	2023	2022
EXPENSES					
Salaries and benefits <i>(Notes 4, 13, 14)</i>	3,729,734	460,794	-	4,190,528	4,036,064
Amortization of capital assets	-	603,289	-	603,289	465,358
Rent	19,610	415,313	-	434,923	306,501
Office	236,707	174,551	-	411,258	576,866
General and program <i>(Note 10)</i>	273,653	-	-	273,653	184,966
Fundraising	91,290	-	-	91,290	72,955
Repairs and maintenance - buildings	96,335	1,329	-	97,664	88,760
Property taxes	89,219	-	-	89,219	55,388
Professional fees	37,399	30,519	-	67,918	105,594
Utilities	56,241	6,232	-	62,473	67,970
Legal	38,732	-	-	38,732	90,362
Telephone	26,670	8,834	-	35,504	35,423
Repairs and maintenance - equipment	11,694	12,935	-	24,629	16,255
Insurance	20,652	2,888	-	23,540	49,454
Special projects	10,240	-	-	10,240	12,311
	4,738,176	1,716,684	-	6,454,860	6,164,227
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS					
	22,359	(259,840)	-	(237,481)	97,120
OTHER INCOME (EXPENSES)					
Investment income	9,249	252,607	-	261,856	37,593
Gain (loss) on sale of investments	(144)	545	47,606	48,007	57,157
Unrealized gain (loss) on investments	-	-	36,809	36,809	(167,436)
Investment management fees	-	-	(6,495)	(6,495)	(6,166)
Loss on foreign exchange	-	-	-	-	(1,919)
Write down of capital assets	-	-	-	-	(325,195)
Impairment loss on land	-	-	-	-	(5,224,200)
	9,105	253,152	77,920	340,177	(5,630,166)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR					
	\$ 31,464	\$ (6,688)	\$ 77,920	\$ 102,696	\$ (5,533,046)

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 102,696	\$ (5,533,046)
Items not affecting cash:		
Amortization of capital assets	603,289	465,358
Amortization of deferred contributions related to capital assets	(476,820)	(642,861)
Amortization of deferred contributions related to development costs	(746,334)	(1,068,956)
Unrealized (gain) loss on investments	(36,809)	167,436
Gain on sale of investments	(48,007)	(57,157)
Write down of capital assets	-	325,195
Impairment loss on land	-	5,224,200
	(601,985)	(1,119,831)
Changes in non-cash working capital:		
Accounts receivable	(313,276)	21,172
Prepaid expenses	(22,049)	(52,562)
Accounts payable and accrued liabilities	1,272,636	(112,342)
Government remittances payable	(4,932)	8,128
Deferred revenue	9,812	(65,230)
Holdback payable	336,031	46,175
	1,278,222	(154,659)
	676,237	(1,274,490)
INVESTING ACTIVITIES		
Proceeds from sale of investments	462,568	344,590
Purchase of investments	(355,674)	(334,807)
Purchase of capital assets	(13,068)	(1,872,362)
Development costs incurred	(5,918,380)	(1,798,390)
	(5,824,554)	(3,660,969)
FINANCING ACTIVITIES		
Deferred contributions related to capital assets received	-	1,877,478
Deferred contributions related to development costs received	12,252,325	6,474,516
Due from related party	171,697	151,555
	12,424,022	8,503,549
INCREASE IN CASH FLOW	7,275,705	3,568,090
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,345,516	2,777,426
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,621,221	\$ 6,345,516

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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.

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 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.

(b) Financial instruments

i) Measurement

The Society's financial instruments consist of cash and cash equivalents, investments, accounts receivable, 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.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

(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.

(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
Leasehold improvements	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 continues 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.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

(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.

(g) Employee future benefits

Eligible employees of the Society participate in a defined benefit plan administered by the United Church of Canada as disclosed in Note 13. 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 its accounts receivable. The Society maintains, if deemed necessary, a 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. As at September 30, 2023 and 2022, 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 and holdback 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.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2. FINANCIAL INSTRUMENTS RISKS *(continued)*

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, as all operations and financial instruments are conducted and denominated in Canadian dollars.

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. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure by maintaining a diversified portfolio actively managed by an investment advisor and through its normal operating and financing activities.

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 actively managed by an investment advisor 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 2023, BCHMC funding comprised 42% of operating revenue (2022 - 37%).

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).

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

4. DUE FROM RELATED PARTY

Prior to January 1, 2023, the Society's board of directors included one director who was also director on the board of First United Church Social Housing Society ("Housing"). However, the number of common members was such that neither organization could control decisions of the other. In addition, the Society and Housing were related through common management.

During the year, the Society received property management service fees in the amount of \$23,048 (2022 - \$92,194) for services provided to Housing.

In addition, Housing paid salaries and benefits in the amount of \$230,733 (2022 - \$879,057) for organization support and staffing services provided by the Society.

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. As at September 30, 2023, \$Nil (2022 - \$171,697) is due from Housing.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 3,000,000
Furniture and equipment	202,664	49,718	152,946	162,074
Leasehold improvements	2,328,406	949,398	1,379,008	1,941,166
Computer equipment	23,266	16,892	6,374	8,923
Automobiles	193,883	69,774	124,109	140,495
	\$ 5,748,219	\$ 1,085,782	\$ 4,662,437	\$ 5,252,658

6. DEVELOPMENT COSTS

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

	2023	2022
Balance at beginning of year	\$ 3,510,331	\$ 1,711,941
Development costs incurred during the year	5,918,380	1,798,390
	\$ 9,428,711	\$ 3,510,331

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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.

	2023	2022
Balance at beginning of year	\$ 179,066	\$ 244,296
Contributions received during the year	187,364	132,119
Contributions recognized as revenue during the year	(177,552)	(197,349)
	\$ 188,878	\$ 179,066

Deferred revenue is comprised of the following:

	2023	2022
BC Housing Management Commission	\$ 146,789	\$ 132,119
UCC, Partnership Circles	35,381	30,000
Street to Home Foundation	6,708	16,947
	\$ 188,878	\$ 179,066

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 capital assets.

	2023	2022
Balance at beginning of year	\$ 1,668,869	\$ 434,252
Contributions received during the year	-	1,877,478
Contributions recognized as revenue during the year	(476,820)	(642,861)
	\$ 1,192,049	\$ 1,668,869

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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.

	2023	2022
Balance at beginning of year	\$ 9,833,606	\$ 4,428,046
Contributions received during the year	12,252,325	6,474,516
Contributions recognized as revenue during the year	(746,334)	(1,068,956)
	\$ 21,339,597	\$ 9,833,606

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 \$35,046 (2022 - \$21,750). 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 \$38,604 (2022 - \$38,941) from these donations in-kind was included in donation revenue in the statement of operations. Additional shares totaling \$317,070 (2022 - \$295,866) were received for the redevelopment fund and have been recorded as deferred contributions related to development costs on the statement of financial position.

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.

	2023	2022
Chalmers fund	\$ 752,932	\$ 771,114
Brownridge fund	100,109	102,526
Mountain View fund	61,235	62,714
	\$ 914,276	\$ 936,354

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

12. OPERATING LEASE COMMITMENTS

The Society has entered into agreements for the lease of equipment and properties due to the relocation 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:

2024	\$	485,082
2025		393,327
2026		43,902
2027		6,433
2028		635

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 \$133,112 (2022 - \$128,610) 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 ten employees who are senior management of the Society who earned over \$75,000 each for a total of \$974,281 (2022 – eight employees that each earned over \$75,000 for a total of \$729,266). No directors were compensated during the current or prior year.

15. FUNDS IN TRUST

During the year, the Society withdrew \$Nil (2022 - \$2,000,000) from the Capital Fund held with Pacific Mountain Region - United Church of Canada ("PMR") and \$25,894 (2022 - \$1,300,000) from the Income Fund. The purpose of these funds is to assist in the redevelopment of the Society's property.

The Fund is administered by PMR and the value of the Fund allocated to the Society at September 30, 2023 was \$Nil (2022 - \$25,001).

16. INTERFUND TRANSFERS

During the year, interfund transfers were made from the internally restricted fund to the operating fund. Transfers between the funds are made when it is considered appropriate and approved by the Board. The interfund transfers are recorded in the statement of changes in net assets.

FIRST UNITED CHURCH COMMUNITY MINISTRY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

17. 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, 2023**

SCHEDULE

	2023	2022
REVENUE		
BC Housing Management Commission - Operational Funding	\$ 2,001,329	\$ 1,340,636
BC Housing Management Commission - Prior Period Adjustments	74,181	-
	2,075,510	1,340,636
EXPENSES		
Salaries and benefits	1,706,237	1,635,835
General and program	152,146	82,091
Property taxes	89,180	55,382
Repairs and maintenance - buildings	71,250	58,985
Utilities	41,589	52,063
Office	38,504	72,634
Professional fees	32,650	41,255
Legal fees	17,808	79,269
Insurance	17,479	43,116
Telephone	6,607	8,528
Repairs and maintenance - equipment	-	18,521
	2,173,450	2,147,679
DEFICIENCY OF REVENUE OVER EXPENSES FROM SHELTER OPERATIONS	\$ (97,940)	\$ (458,902)