CHURCH EXTENSION BOARD OF HALIFAX PRESBYTERY

(Church Extension Board of Halifax Presbytery of the United Church of Canada)

Financial Statements

Year Ended December 31, 2019

CHURCH EXTENSION BOARD OF HALIFAX PRESBYTERY

(Church Extension Board of Halifax Presbytery of the United Church of Canada)

Index to Financial Statements

Year Ended December 31, 2019

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Church Extension Board of Halifax Presbytery of the United Church of Canada (Church Extension Board of Halifax Presbytery)

I have reviewed the accompanying financial statements of Church Extension Board of Halifax Presbytery (the Organization) that comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Church Extension Board of Halifax Presbytery as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Bedford, Nova Scotia
March 2, 2020

CHARTERED PROFESSIONAL ACCOUNTANT

CHURCH EXTENSION BOARD OF HALIFAX PRESBYTERY

(Church Extension Board of Halifax Presbytery of the United Church of Canada)

Statement of Financial Position

December 31, 2019

	2019 **$**	2018 $
ASSETS		
CURRENT		
Cash	**13,658**	13,404
Marketable securities *(Note 5)*	**740,980**	870,419
Current portion of loans and notes receivable *(Note 6)*	**22,240**	10,807
Prepaid expenses	**549**	549
	777,427	895,179
LOANS AND NOTES RECEIVABLE *(Note 6)*	**273,683**	59,871
	1,051,110	955,050
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	**4,091**	1,645
Deferred income	**12,506**	12,506
	16,597	14,151
NET ASSETS	**1,034,513**	940,899
	1,051,110	955,050

ON BEHALF OF THE BOARD

Alan Ellis *Director*

Diana Dalton *Director*

See notes to financial statements

CHURCH EXTENSION BOARD OF HALIFAX PRESBYTERY

(Church Extension Board of Halifax Presbytery of the United Church of Canada)

Statement of Revenues and Expenditures

Year Ended December 31, 2019

	2019 **$**	2018 $
INCOME		
Loan interest income	**3,244**	573
Dividend income	**7,960**	9,545
Capital gains (losses)	**6,370**	49,504
Other investment income	**5,950**	-
	23,524	59,622
EXPENSES		
Bank charges	**816**	494
Business taxes, licenses and memberships	**31**	31
Insurance	**1,765**	1,765
Office	**633**	679
Professional fees	**4,140**	1,725
	7,385	4,694
EXCESS OF INCOME OVER EXPENSES FROM OPERATIONS	**16,139**	54,928
OTHER INCOME (EXPENSES)		
NCD Grants	**-**	26,753
NCD Grant distribution	**-**	(26,753)
Increase (decrease) in FMV of investments	**77,475**	(91,950)
	77,475	(91,950)
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES	**93,614**	(37,022)

See notes to financial statements

CHURCH EXTENSION BOARD OF HALIFAX PRESBYTERY

(Church Extension Board of Halifax Presbytery of the United Church of Canada)

Statement of Changes in Net Assets

Year Ended December 31, 2019

	2019 **$**	2018 $
NET ASSETS - BEGINNING OF YEAR	**940,899**	977,921
EXCESS OF INCOME OVER EXPENSES	**93,614**	(37,022)
NET ASSETS - END OF YEAR	**1,034,513**	940,899

See notes to financial statements

CHURCH EXTENSION BOARD OF HALIFAX PRESBYTERY

(Church Extension Board of Halifax Presbytery of the United Church of Canada)

Statement of Cash Flows

Year Ended December 31, 2019

	2019 $	2018 $
OPERATING ACTIVITIES		
Excess (deficiency) of income over expenses	**93,614**	(37,022)
Changes in non-cash working capital:		
Accounts payable	**2,446**	(352)
Current portion of loans receivable	**-**	12,750
	2,446	12,398
Cash flow from (used by) operating activities	**96,060**	(24,624)
INVESTING ACTIVITIES		
Repayment of loans and notes receivable	**12,755**	24,234
Addition to loans and notes receivable	**(238,000)**	-
Long term Investments	**129,439**	(4,897)
Cash flow from (used by) investing activities	**(95,806)**	19,337
INCREASE (DECREASE) IN CASH FLOW	**254**	(5,287)
Cash - beginning of year	**13,404**	18,691
CASH - END OF YEAR	**13,658**	13,404
CASH CONSISTS OF:		
Cash	**13,658**	13,404

See notes to financial statements

1. PURPOSE OF THE ORGANIZATION

The Church Extension Board is an incorporated ministry of the United Church of Canada and an incorporated Society (Province of Nova Scotia) within Region 15 of the United Church of Canada. Since its inception in 1955, the Board has given loans to build, repair and expand member churches. The Board is not intended to be the main lender in major projects. It is intended to provide seed money and encouragement for dreams and aspirations of our member churches and to show financial support, especially when projects need additional money from the National Church. The Board is intended to further the work of the United Church of Canada within the boundaries of the former Halifax Presbytery.

The Organization is a non-profit organization under paragraph 149(1)(l) of the Income Tax Act and, as such, is not subject to federal or provincial income taxes.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Some users may require further information as these statements have not been prepared for general purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributed services

The operations of the organization depend on both the contribution of time by volunteers. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Property, plant and equipment

In common with many non-profit organizations, with average annual revenues in the current and prior year of less than $500,000, expenditures for computers, software, furniture and equipment are expensed as incurred rather than capitalized and amortized over their useful lives.

4. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2019.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from loans to customers. In order to reduce its credit risk, the organization reviews a customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance.

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4. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and accounts payable.

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 rate risk, interest rate risk and other price risk. The organization is mainly exposed to risk on it's long term investments.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant risks arising from these financial instruments.

5. MARKETABLE SECURITIES

	2019 $	2018 $
Brookfield 4.4% Pref Cum Ser-3 Cl-A	**35,180**	36,000
Fiera Capital Balanced Fund	**-**	834,419
Canoe Asset Allocation Portfolio Class Series D	**705,800**	-
	740,980	870,419
Cost	**763,291**	970,204

6. LOANS AND NOTES RECEIVABLE

	2019 $	2018 $
Camp Kidston loan receivable was renegotiated as follows: In November 2016, the United Church of Canada stakeholders (Halifax Presbytery, Maritime Conference, Camp Kidston, and the Church Extension Board) executed a Stakeholder's Agreement agreeing that Halifax Presbytery would fund the retirement of the principal amount advanced to Camp Kidston should certain conditions be met by Camp Kidston. The loan matures on December 31, 2026 and is unsecured. Region 15 of the United Church of Canada (UCC) now represents the rights and obligations of the former Halifax Presbytery and the former Maritime Conference in the Stakeholder's Agreement and its amendments. The revised governance structure of the UCC took effect on January 1, 2019 Halifax Presbytery released in June 2018 the first 25% principal installment against the loan to effectively satisfy the annual principal installment otherwise due on April 30, 2018 and December 31, 2018. In May 2018, the Stakeholders agreed to extend the due date of the third principal payment from December 31, 2019 to April 30, 2020.	**62,766**	62,766

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6. LOANS AND NOTES RECEIVABLE *(continued)*

St. Paul's United loan receivable bearing interest at 3% per annum, repayable in monthly blended payments of $386. The loan matures on September 15, 2020 and is unsecured.	**3,442**	7,912
Bedford United loan receivable bearing interest at 3% per annum, repayable in monthly blended payments of $957. The loan matures on January 22, 2029 and is unsecured.	**92,087**	-
Cole Harbour/Woodside loan receivable bearing interest at 3% per annum, repayable in monthly blended payments of $737. The loan matures on November 12, 2029 and is unsecured.	**76,568**	-
Knox United loan receivable bearing interest at 3% per annum, repayable in monthly blended payments of $418. The loan matures on December 20, 2034 and is unsecured.	**61,060**	-
	295,923	70,678
Amounts receivable within one year	**(22,240)**	(10,807)
	273,683	59,871

Principal repayment terms are approximately:

	$
2020	22,240
2021	19,362
2022	19,943
2023	20,541
2024	21,158
Thereafter	192,679
	295,923