

THE VILLAGE CHURCH

DECEMBER 31, 2019

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R.TISI

Business Profitability and Growth Advisor
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of
The Village Church

I have reviewed the Financial Statements of The Village Church as at December 31, 2019 that comprise the balance sheet, the statements of income, retained earnings, 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, 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 The Village Church as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

Although The Village Church has legal title to the real property that it uses, the Church Conference retains the right to any proceeds of sale. The real property does not appear in the records of The Village Church.

Welland, Ontario
May 9, 2020

R. TISI PROFESSIONAL CORPORATION
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

THE VILLAGE CHURCH
FINANCIAL STATEMENTS
(Unaudited)

DECEMBER 31, 2019

THE VILLAGE CHURCH

BALANCE SHEET (Unaudited)

AS AT DECEMBER 31, 2019

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT		
Cash	\$ 88,765	\$ 105,167
Accounts receivable	<u>3,346</u>	<u>4,859</u>
	<u>92,111</u>	<u>110,026</u>
	<u>\$ 92,111</u>	<u>\$ 110,026</u>

LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 1,494	\$ 4,793
Taxes payable	<u>1,257</u>	<u>918</u>
	<u>2,751</u>	<u>5,711</u>

NET ASSETS

NET ASSETS	<u>89,360</u>	<u>104,315</u>
	<u>89,360</u>	<u>104,315</u>
	<u>\$ 92,111</u>	<u>\$ 110,026</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director
_____ Director

The accompanying notes form an integral part of these financial statements.
Prepared without audit.

THE VILLAGE CHURCH

STATEMENT OF REVENUE, EXPENSES AND NET ASSETS (Unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Offerings	\$ 101,249	\$ 95,852
Building Fund	22,429	-
Mission Fund	-	385
Children's Ministry Fund	-	4,147
Macedonian Fund	-	815
Savings Fund	3,500	192,823
Other Funds	<u>77</u>	<u>1,200</u>
	<u>127,255</u>	<u>295,222</u>
Fund expenses		
Assessments	6,063	3,840
Education	1,924	1,858
Building Fund	29,405	-
Savings Fund (Church Expenses)	6,747	41,428
Mission Fund	191	385
Macedonian Fund	-	1,049
Pastor	9,186	11,560
Tithe	7,997	28,729
Other	<u>2,388</u>	<u>3,102</u>
	<u>63,901</u>	<u>91,951</u>
Fund revenue in excess of expenditures	<u>63,354</u>	<u>203,271</u>
Operating expenses		
Events	4,307	5,704
Insurance	5,128	4,360
Interest and bank charges	543	1,290
Memberships and licenses	719	945
Office expenses	1,543	1,040
Professional fees	6,776	6,150
Property taxes	903	912
Bereavement	409	843
Salaries and wages	47,893	46,467
Supplies	10,086	6,707
Utilities	<u>-</u>	<u>876</u>
	<u>78,307</u>	<u>75,294</u>
EXCESS OF (EXPENSES OVER REVENUE) REVENUE OVER EXPENSES	(14,953)	127,977
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	<u>104,315</u>	<u>(23,662)</u>
NET ASSETS, END OF YEAR	<u>\$ 89,362</u>	<u>\$ 104,315</u>

The accompanying notes form an integral part of these financial statements.
Prepared without audit.

THE VILLAGE CHURCH

STATEMENT OF CASH FLOWS (Unaudited)

DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
CASH PROVIDED BY OPERATING ACTIVITIES		
Excess of (expenses over revenue) revenue over expenses	\$ <u>(14,953)</u>	\$ <u>127,977</u>
Items not requiring an outlay of cash:		
	<u>(14,953)</u>	<u>127,977</u>
CHANGES IN NON-CASH WORKING CAPITAL:		
Decrease in accounts payable and accrued liabilities	(2,960)	(44,289)
Decrease (increase) in accounts receivable	<u>1,510</u>	<u>(1,847)</u>
	<u>(1,450)</u>	<u>(46,136)</u>
	<u>(16,403)</u>	<u>81,841</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS	(16,403)	81,841
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>105,167</u>	<u>23,326</u>
NET CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 88,764</u>	<u>\$ 105,167</u>

The accompanying notes form an integral part of these financial statements.
Prepared without audit.

THE VILLAGE CHURCH

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for Not-For-Profit Organizations in Part III of CICA Handbook and include the following significant accounting policies:

(a) **Basis of accounting**

These financial statements show only the assets and liabilities under the control of management and the changes therein. All revenues and expenses are recorded on the accrual basis.

(b) **Estimation uncertainty**

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, revenue and expenses. The actual results are likely to differ from the judgments, estimates, and assumption made by management, and will seldom equal the estimated results.

(c) **Goodwill and Intangibles not Subject to Amortization**

The organization will test goodwill and intangibles not subject to amortization for impairment only when an event or circumstance occurs indicating that the fair value may be lower than its carrying amount.

2. CHURCH BUILDING AND PARSONAGE

The organization has legal title to the church building and parsonage where they meet and where the minister lives. Although The Village Church has legal title to the property, the United Brethren In Christ Conference would receive the proceeds of any property sale. For this reason, the carrying value of the church building and parsonage are not determined and do not appear on these financial statements.

THE VILLAGE CHURCH

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

DECEMBER 31, 2019

3. FINANCIAL INSTRUMENTS

(a) Fair value

Cash and cash equivalents, accounts receivable, short-term investments, accounts payable and accrued liabilities are short-term financial instruments whose fair values approximate their carrying values due to the short-term maturities of those instruments. The fair value of long-term investments that are listed on an active exchange are equal to their quoted market value.

(b) Market values

Market value of marketable securities is determined based on the trade price at the end of the year. The determination of the market values is dependent upon many assumptions. The calculation of estimated market value is based on market conditions at a specific point in time and in the respective geographic locations and may not be reflective of future market values. The associated market values and investment returns will therefore be subject to a variety of risk factors, both specific to the individual investments and arising from general economic conditions. The actual amounts ultimately realized could differ from the amounts reported in these financial statements.

(c) Risk management

The organization is exposed to various risks in relation to its investment portfolio, consisting of investment assets. The main types of risks are market risk, credit risk, and liquidity risk.

(i) Market risk

The organization is exposed to market risk through its use of financial instruments and specifically interest rate risk, which result from its investing activities.

(ii) Interest rate risk

Interest rate risk refers to the effect on the market value of the organization's assets and liabilities due to fluctuations in interest rates. The value of the organization's assets is affected by short-term changes in nominal and real interest rates. To properly manage the organization's interest rate risk, appropriate guidelines on the weighting and duration for the fixed income investments are set and monitored.

(iii) Credit risk

Credit risk is the risk of loss should the counter-party to a transaction default or otherwise fail to perform under the terms of the contract. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness and the respective concentration risk.