

**KNOX UNITED CHURCH**  
**FINANCIAL STATEMENTS**  
**(Unaudited)**  
**YEAR ENDED DECEMBER 31, 2020**

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# KNOX UNITED CHURCH

## STATEMENT OF REVENUE AND EXPENDITURES (Unaudited) YEAR ENDED DECEMBER 31, 2020

	BUDGET 2021	ACTUAL 2020	BUDGET 2020	ACTUAL 2019
<b>REVENUE-UNRESTRICTED</b>				
Worship, Pastoral Care, Christian Education donations	\$ 158,500	\$ 158,064	\$ 162,000	170,163
Initial, Lent, Thanksgiving, Advent donations	13,300	9,685	11,100	9,879
Donations - other	-	770	4,500	5,021
Ice Cream Stand (net of expenses)	30,000	-	2,000	530
Capital Expenditure Campaigns and Grants	-	24,414	-	84,759
Fundraising Projects (net of expenses)	10,500	2,646	31,500	28,360
Fundraising Projects (net)-Luncheons/Turkey Supper	5,000	4,839	9,600	13,071
Freedom Kitchen Overhead Contribution	6,000	-	-	-
Nursery School net profit	12,000	25,157	15,000	34,702
Lease and Room Rental	59,200	31,905	67,600	38,957
Miscellaneous	3,000	4,280	2,000	9,806
Solar electricity revenue	12,000	12,150	10,000	-
Bequests	-	12,500	-	-
Interest and investment income	6,000	5,521	6,000	22,402
Covid-19 Wage and Rent Grants	8,000	66,689	-	-
	323,500	358,620	321,300	417,650
<b>EXPENDITURES</b>				
Advertising and promotion	1,000	-	1,000	95
Capital expenditures	10,000	25,381	17,000	71,595
Capital expenditures - Solar Project	-	3,089	-	109,264
Cleaning and janitorial	35,000	16,546	41,861	27,095
Committee expenditures	4,400	1,644	10,100	7,248
Insurance	11,000	10,262	8,000	8,065
Interest and bank charges	2,000	1,321	2,500	1,572
Interest on long-term debt	1,700	1,709	-	-
Moving and recruitment	10,000	-	20,000	-
Miscellaneous	4,000	1,695	5,000	7,175
Office supplies	12,000	10,040	12,000	11,738
Outreach expenditures	4,000	1,300	4,000	3,653
Presbytery/conference fees	10,710	10,710	11,000	10,710
Property taxes	10,000	1,622	10,000	1,413
Repairs and maintenance	16,500	15,187	18,500	16,295
Salaries and benefits (Note 6)	167,741	141,474	147,928	138,983
Telephone	4,300	4,531	4,900	3,107
Utilities	33,500	22,233	30,900	30,227
Vehicle mileage allowance	1,000	553	1,000	686
	338,851	269,297	345,689	448,921
<b>UNRESTRICTED NET REVENUE (EXPENDITURE)</b>	<b>(15,351)</b>	<b>89,323</b>	<b>(24,389)</b>	<b>(31,271)</b>

(continued)

**KNOX UNITED CHURCH**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**(Unaudited)**  
**YEAR ENDED DECEMBER 31, 2020**

	BUDGET 2021	ACTUAL 2020	BUDGET 2020	ACTUAL 2019
<b>(continued)</b>				
<b>UNRESTRICTED NET REVENUE (EXPENDITURE)</b>	<b>(15,351)</b>	<b>89,323</b>	<b>(24,389)</b>	<b>(31,271)</b>
<b>RESTRICTED REVENUES (EXPENDITURES)</b>				
Mission and Service Contributions	18,100	15,904	23,500	21,560
Mission and Service Expenditures	(18,100)	(15,904)	(23,500)	(19,033)
Freedom Kitchen Donation Revenue	-	40,115	-	-
Freedom Kitchen Grant Revenue	-	60,000	-	-
Freedom Kitchen Operating Expenditures	-	(16,540)	-	-
Freedom Kitchen Capital Expenditures	-	(23,984)	-	-
Lucy Freake Bequest - Youth Fund	-	10,000	-	-
Lucy Freake Expenditure Allocation to Youth Fund	-	(2,500)	-	-
Other funds net revenue (expenditure)	-	(5,922)	-	2,579
Repayment of long term debt	(3,352)	-	(5,052)	-
<b>NET REVENUE (EXPENDITURE)</b>	<b>\$ (18,703)</b>	<b>\$ 150,492</b>	<b>\$ (29,441)</b>	<b>\$ (26,165)</b>

# KNOX UNITED CHURCH

## STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

	Invested in capital assets	Restricted			Unrestricted	Total
		Freedom Kitchen	Community Outreach	Miscellaneous Funds		
Balance, beginning of year	\$ 1,457,179	\$ -	\$ 16,571	\$ 26,631	\$ 240,678	\$ 1,741,059
Net revenue (expenditure)	-	59,591	(3,998)	5,576	89,323	150,492
Balance, end of year	\$ 1,457,179	\$ 59,591	\$ 12,573	\$ 32,207	\$ 330,001	\$ 1,891,551

# KNOX UNITED CHURCH

## BALANCE SHEET (Unaudited)

DECEMBER 31, 2020

ASSETS		2020	2019
<b>CURRENT</b>			
Cash	\$ 304,954	\$	97,138
Accounts receivable	18,701		71,035
	<b>323,655</b>		168,173
MANSE FUND INVESTMENTS (at market value)	<b>194,590</b>		189,159
CAPITAL ASSETS (Note 4)	<b>1,649,100</b>		1,649,100
	<b>\$ 2,167,345</b>		\$ 2,006,432
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	\$ 24,955	\$	12,452
LONG TERM DEBT (Note 5)	<b>250,839</b>		252,921
	<b>275,794</b>		265,373
<b>NET ASSETS</b>			
NET ASSETS	<b>1,891,551</b>		1,741,059
	<b>\$ 2,167,345</b>		\$ 2,006,432

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_ Member

\_\_\_\_\_ Member

(Unaudited)

# **KNOX UNITED CHURCH**

## **NOTES TO THE FINANCIAL STATEMENTS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2020**

### **1. DESCRIPTION OF ENTITY**

Knox United Church, located in Lower Sackville, Nova Scotia, is a not-for-profit religious organization and is a registered charity under the Income Tax Act

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following policies:

The Church's financial instruments consist of accounts receivable, unrestricted term deposits, manse fund investments, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is the board's opinion that the Church is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

The Church is exposed to collection risk on its accounts receivable which is primarily a tenant in its premises and interest rate price risk related to its fixed rate investments.

The Church does not enter into hedging activities and does not engage in derivative transactions.

#### **Manse Fund Investments**

Investments are valued at fair market value with all income and changes in market value included in net revenue (expenditure) income in the period in which it is earned or changed.

#### **Revenue Recognition**

The Church 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

# **KNOX UNITED CHURCH**

## **NOTES TO THE FINANCIAL STATEMENTS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2020**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Restrictions**

The Organ Fund was established to raise funds for purchase of an organ for the new facility. The balance of the fund will be used for repairs and maintenance to the organ.

The Manse Fund was established when the Church sold the Manse for net proceeds of \$90,499 in 1998. The capital of this fund is restricted. The income earned by the fund may be used only to offset the Clergy's housing allowance.

#### **Capital assets**

Capital asset purchases (except for the initial estimated cost of the Church Property) are recorded as operating expenditures. Capital assets are not being depreciated.

#### **Contributed services and materials**

Volunteers may contribute their time to the Church each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements. Donated materials, if any, are recognized only if the fair market value of the materials can be reasonably estimated.

### **3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Consistent with similar not-for-profit organizations, Knox United Church's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As a part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the Church's exposure.

# KNOX UNITED CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

### 4. CAPITAL ASSETS - AT ESTIMATED COST

		2020		2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 90,500	\$ -	\$ 90,500	\$ 90,500
Old Church Building/Contents	558,600	-	558,600	558,600
New Building/Contents	1,000,000	-	1,000,000	1,000,000
	\$ 1,649,100	\$ -	\$ 1,649,100	\$ 1,649,100

### 5. LONG TERM DEBT

**2020**      2019

In 2017, an agreement was signed with the United Church of Canada providing that no further payments for a mortgage on the property at 567 Sackville Drive will be required until a default occurs, the property is sold, mortgaged or otherwise encumbered without prior consent of the United Church of Canada, or ceases to be used for worship and related activities by the pastoral charge for a period longer than 30 days. Interest will accrue from July 10, 2017 at a rate of 3% with a maximum repayment amount of \$383,842.

Mortgage payable balance at date of agreement, July 10, 2017 **\$ 191,921**      \$ 191,921

Estimated balance repayable at end of fiscal year including accrued interest. The accrued interest is not being recorded on the records of the Church. -      -

3% loan from the Church Extension Board of Halifax Presbytery, repayable in equal monthly instalments (principal and interest) of \$421, maturing in December, 2034. **58,918**      61,000

**\$ 250,839**      \$ 252,921



# KNOX UNITED CHURCH

## NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

<b>6. SALARIES AND BENEFITS</b>	<b>2020</b>	<b>2019</b>
Reverend Sandra Cox - salary	\$ 62,244	\$ 61,082
Reverend Sandra Cox - benefits	1,290	1,204
Organist and music - salary	34,571	33,926
Organist and music - benefits	7,782	7,414
Secretary - salary	26,709	26,341
Secretary - benefits	5,745	5,471
Education and supply ministry	3,133	3,692
Summer students	-	2,951
Grants for summer students	-	(3,098)
	<b>\$ 141,474</b>	<b>\$ 138,983</b>