

THE KNOX UNITED CHURCH FOUNDATION, OF CALGARY

**FINANCIAL STATEMENTS
AUGUST 31, 2021
(Unaudited – See Notice To Reader)**

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YEAR ENDED AUGUST 31, 2021
(Unaudited – See Notice To Reader)**

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*Denotes Professional Corporation

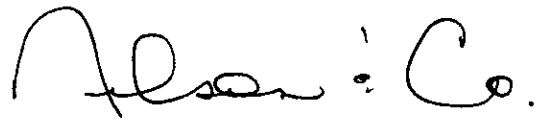
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NOTICE TO READER

On the basis of information provided by the management, we have compiled the statement of financial position of Knox United Church Foundation, of Calgary as at August 31, 2021 and the statements of operations, changes in net assets and cash flows for the year then ended. We have not performed an audit or a review engagement in respect to these financial statements and, accordingly, we express no assurance thereon. Readers are cautioned that these financial statements may not be appropriate for their purposes.



CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Alberta
October 27, 2021

THE KNOX UNITED CHURCH FOUNDATION, OF CALGARY

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2021

(Unaudited – See Notice To Reader)

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 17,574	\$ 10,876
Sales tax recoverable	105	598
	<u>17,679</u>	<u>11,474</u>
INVESTMENTS (Note 2)		
Marketable investments	<u>1,019,300</u>	<u>938,215</u>
	<u>\$ 1,036,979</u>	<u>\$ 949,689</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 4,000</u>	<u>\$ 4,000</u>
NET ASSETS		
Restricted net assets (Note 3)	358,278	358,278
Unrestricted net assets	<u>674,701</u>	<u>587,411</u>
	<u>1,032,979</u>	<u>945,689</u>
	<u>\$ 1,036,979</u>	<u>\$ 949,689</u>

See Accompanying Notes.

THE KNOX UNITED CHURCH FOUNDATION, OF CALGARY

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2021
(Unaudited – See Notice To Reader)**

	<u>2021</u>	<u>2020</u>
REVENUE		
Donations	\$ 12,273	\$ 6,482
Investment income	21,253	22,971
Gain (Loss) on sale of investments	67,987	14,086
Gain (Loss) in fair value (Note 1e)	63,184	(114)
	<u>164,697</u>	<u>43,425</u>
 EXPENDITURES		
Administration expense	719	1,736
Investment fees	14,339	13,712
Professional fees	4,200	4,305
	<u>19,258</u>	<u>19,753</u>
 Excess of Revenue over Expenditures before Gifts	145,439	23,672
Gifts and Contributions		
Knox United Church	<u>58,149</u>	<u>43,600</u>
 EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>87,290</u>	<u>\$ (19,928)</u>

See Accompanying Notes.

THE KNOX UNITED CHURCH FOUNDATION, OF CALGARY

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2021
(Unaudited – See Notice To Reader)**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>2021 Total</u>	<u>2020 Total</u>
NET ASSETS, BEGINNING OF YEAR	\$ 358,278	\$ 587,411	\$ 945,689	\$ 965,617
Excess (Deficiency) of revenue over expense	-	87,290	87,290	(19,928)
Transfers (Note 3)	-	-	-	-
NET ASSETS, END OF YEAR	<u>\$ 358,278</u>	<u>\$ 674,701</u>	<u>\$ 1,032,979</u>	<u>\$ 945,689</u>

See Accompanying Notes.

THE KNOX UNITED CHURCH FOUNDATION, OF CALGARY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2021
(Unaudited – See Notice To Reader)**

	2021	2020
CASH DERIVED FROM (USED IN)		
Operating activities		
Excess (Deficiency) of revenue over expenditures	\$ 87,290	\$ (19,928)
Add (deduct):		
Non cash items:		
(Gain) Loss on sale of investments	(67,987)	(14,086)
Change in fair value of investments unrealized	(63,184)	118
Change in non-cash working capital items:		
Sales tax receivable	493	147
	<u>(43,388)</u>	<u>(33,749)</u>
Investing activities		
Purchase and sale proceeds of investments, net	<u>50,086</u>	<u>2,044</u>
INCREASE (DECREASE) IN CASH	6,698	(31,705)
Cash position beginning of year	<u>10,876</u>	<u>42,581</u>
CASH POSITION END OF YEAR	<u>\$ 17,574</u>	<u>\$ 10,876</u>

THE KNOX UNITED CHURCH FOUNDATION, OF CALGARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2021 (Unaudited – See Notice To Reader)

ORGANIZATION AND PURPOSE

The Knox United Church Foundation, of Calgary was established May 27, 1987 under the Societies Act, Alberta. The Foundation is administered by a Board of Trustees and its principal purpose is to receive donations and to provide grants to Knox United Church. The Foundation is exempt from the payment of income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

- a) **Revenue and Expense Recognition**
The Foundation recognizes donations as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
Investment earnings are recorded as revenue when earned.
- b) **Contributed Services**
Volunteers contribute their time to assist the Foundation in carrying out its operating activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
- c) **Use of Estimates**
The preparation of the Foundation's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates include valuation of investments. Actual results could differ from those estimates.
- d) **Cash and Cash Equivalents**
Cash consists of bank balances and term certificates with maturities or redemption privileges of three months or less.
- e) **Financial Instrument Measurement**
Investments reported at fair value consist of equity instruments that are quoted in an active market, as well as investments in pooled funds and any investments in fixed income securities and private equities that the Foundation designates upon purchase to be measured at fair value. Transaction costs are recognized in the statement of operations and changes in fund balances in the period during which they are incurred. Investments in fixed income and other securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the straight-line method, less any provision for impairment. All transactions are recorded on a trade date basis. Other financial instruments, including accounts receivable, are initially recorded at their fair value and are subsequently measured at cost, net of any provision for impairment.

THE KNOX UNITED CHURCH FOUNDATION, OF CALGARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021
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2. INVESTMENTS

The Foundation entrusts the Calgary Foundation with the long-term management of its investments while retaining ownership. The Managed Fund allows an agency to pool assets with the Calgary Foundation's considerable investment pool. The investments can be withdrawn at any time (subject to notice periods).

Investments are recorded at fair market value and comprise:

	<u>2021</u>	<u>2020</u>
Calgary Foundation managed fund	\$1,018,670	\$ 935,215
Pooled mortgage fund	<u>630</u>	<u>3,000</u>
	<u>\$1,019,300</u>	<u>\$ 938,215</u>

The pooled mortgage fund investment was further impaired by \$2,730 (\$15,000 in 2020) during the year which has been included in the unrealized gain(loss) in fair value in the financial statements. The final amount of investor funds that will ultimately recovered cannot be determined with any certainty at August 31, 2021.

3. RESTRICTED NET ASSETS

The Board of Directors in conjunction with donors has restricted donations, the principal of which is required to be maintained intact. During the year the Board restricted \$Nil (\$Nil in 2020) in bequests received to the endowment fund to be held in perpetuity.

4. FINANCIAL INSTRUMENTS

Transacting in financial instruments exposes the Foundation to certain financial risk and uncertainties. These risks include:

- a) **Interest Rate Risk**
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation's investments include fixed rate instruments that are generally reinvested as they mature. The Foundation has exposure to interest rate movements that occur beyond the term of maturity of the fixed rate investments.

- b) **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. The Foundation's investments in publicly traded securities, bonds, and mortgage funds exposes the Foundation to price risks as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions of credit markets. The Foundation mitigates this risk by entrusting management of the investments to the fund managers (Note 2).