

2021 Annual Report Appendices

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FAIRLAWN
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Report of the Board of Trustees

The members of the Board of Trustees of Fairlawn Avenue United Church are: Katherine Dalziel, Rev. Douglas duCharme (ex officio), Jennifer Duchesne, George Swift and Derek Wishart (secretary).

The property of the congregation at 28 Fairlawn Avenue is held in trust for the United Church of Canada by the Trustees. It is the responsibility of the Trustees to see that this property is properly insured and maintained.

The Trustees also oversee the investments of the Congregation. Those investments are held and managed by RBC Dominion Securities Inc. for a quarterly fee based upon assets under management. The investments may be briefly described as follows:

- (1) The Legacy Fund had a market value of \$1,807,125 at December 31, 2021, a net increase of \$437,564 (or 32%) from the previous year-end. While this is a significant increase, most of the increase was from one-time items that are unlikely to be sustained, including above-average investment returns, significant legacies, and a surplus from church operations. The fund is unrestricted as to its use. The capital and any income may be used for the general purposes of the congregation.
- (2) The Ministerial Salaries Fund had a market value of \$1,000,000 at December 31, 2021. This fund is restricted as to its use and must be maintained at \$1,000,000 unless approved by the United Church of Canada. The income of the fund may be used by the church to fund ministerial compensation. For 2021, \$28,758, representing all of the current year's net income, was transferred to church operating.
- (3) The Trustees' Administered Funds had a market value of \$387,913 at December 31, 2021, a net increase of \$49,082 (or 14%) from the previous year-end. These funds are restricted and the income and capital of these funds may not be used for the general purposes of the Congregation unless specifically stated. The names of the funds are Lucas Sanders, Anne Krug, Kellough Seniors and Social Justice. Details of their purposes are contained in the additional information regarding the financial statements (refer to Appendix G).

On the direction of the Governing Council, and in accordance with the budget approved by the Congregation, the Trustees provided \$125,427 from the Legacy Fund during the year to make capital repairs and improvements to the Church building and assets. In recent years some of the income earned by the Legacy Fund has been transferred to the operating account to offset the Church's operating deficit. This year, instead, there was an operating surplus of \$67,628 (compared with a deficit of \$23,473 in 2020) which contributed to the increase in the Legacy Fund. A detailed Financial Report of all Accounts under the supervision of the Trustees is included in the Annual Report.

As in past years, the Trustees and Governing Council have approved the use of the income of the Kellough Seniors Fund to establish a taxi account to assist those members who require transportation to and from Church services and other Church-related activities. Anyone requiring such assistance can obtain taxi chits from the Church Office. In addition, income from this Fund has been designated by the Trustees and the Governing Council for payment of expenses related to the elevator.

The Lucas-Sanders Fund provides money for three purposes: 25% of the income is for general congregational expenses; 25% is for the Mission and Service Fund; and 50% is to provide bursaries to students pursuing post-secondary education who are members of the Congregation or who are children of members of the Congregation.

This year there were five recipients, namely Diana Davey, Emily de la Rua, Malcolm LaPrairie, Liberty Leonard, and Evelyn Bano. Each received a bursary of \$500. In addition, on the advice of Rev Douglas duCharme, a correction was made to award a 2020 Lucas-Sanders bursary to Malcolm LaPrairie retroactively.

We are most grateful to those who leave a bequest to Fairlawn Avenue United Church in their Wills. Please consider the possibility of including our Congregation as part of your estate plan. If you have questions about how to include the Church, please contact any of the members of the Board of Trustees. There is also a great deal of helpful information available from the Head Office of The United of Church of Canada.

The Trustees would welcome any congregants with an interest and the time to contribute as a member of Trustees.

Respectfully submitted,

Derek Wishart, Secretary
February 23, 2022

FAIRLAWN AVENUE UNITED CHURCH
STATEMENT OF FINANCIAL POSITION
December 31, 2021

Appendix B

	<u>UNAUDITED</u>				
	<u>2021</u>			<u>2021</u>	<u>2020</u>
	Church Operating	Trustees Ministerial Salaries	Trustees General	Total	Total
ASSETS					
Cash	\$ 40,957	\$ -	\$ -	\$ 40,957	\$ 79,925
Accounts receivable	-		11,490	11,490	14,360
HST Recoverable	16,620				-
Interfund Balances	193,347		(193,347)	-	-
Investments		1,000,000	2,003,067	3,003,067	2,526,315
Investments - Trustees' administered funds			387,913	387,913	338,831
	\$ 250,924	\$ 1,000,000	\$ 2,209,123	3,460,047	\$ 2,959,431
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 14,085	\$ 14,085	\$ 13,627
Funds held in trust	68,000			68,000	-
Trustees' administered funds			387,913	387,913	338,831
	\$ 68,000	\$ -	\$ 401,998	469,998	\$ 352,458
FUND BALANCES					
Restricted - Operating and Ministerial Salaries Funds	\$ 182,924	\$ 1,000,000	\$ -	\$ 1,182,924	\$ 1,237,412
Discretionary - Legacy Fund			1,807,125	1,807,125	1,369,561
	\$ 182,924	\$ 1,000,000	\$ 1,807,125	\$ 2,990,049	\$ 2,606,973
	\$ 250,924	\$ 1,000,000	\$ 2,209,123	\$ 3,460,047	\$ 2,959,431

FAIRLAWN AVENUE UNITED CHURCH
STATEMENT OF OPERATIONS
December 31, 2021

UNAUDITED

	<u>2021</u>		<u>2021</u>		<u>2021</u>	<u>2020</u>
	Church Operating	Restricted Operating Funds	Trustees Ministerial Salaries	Trustees Legacy Fund	Total	Total
CONTRIBUTIONS AND REVENUE						
Congregation contribution	\$ 540,177	\$ 114,246	\$ -	\$ -	\$ 654,423	\$ 559,864
Mission and Service contribution	41,090				41,090	38,984
United Church of Canada Grant	-	-			-	83,320
Building users	-				-	30,013
Other income	2,454			3,256	5,710	7,819
Special events					-	-
Interest and dividends			38,384	52,570	90,954	88,515
Legacies, memorials, donations				101,020	101,020	100,310
Realized gain/(loss)				409	409	3,803
Change in value of investments				351,292	351,292	(29,592)
	\$ 583,721	\$ 114,246	\$ 38,384	\$ 508,547	\$1,244,898	\$ 883,036
EXPENSES						
Salaries and benefits	\$ 449,516				\$ 449,516	\$ 529,332
Wage Subsidies received	(99,186)				(99,186)	(173,847)
Property	53,417				53,417	67,588
Administration	71,722				71,722	75,239
Worship	20,550	11,478			32,028	42,430
Other councils	8,835				8,835	15,228
Capital assets				125,427	125,427	77,166
Outreach		94,538			94,538	94,361
Investment Management Fees			9,626	13,184	22,810	19,932
Mission and Service payments	41,090				41,090	38,984
Grant expenditures		62,718			62,718	105,348
Total Expenses	\$ 545,944	\$ 168,734	\$ 9,626	\$ 138,611	\$ 862,915	\$ 891,761
Excess of revenue (expenses)	\$ 37,777	\$ (54,488)	\$ 28,758	\$ 369,936	\$ 381,983	\$ (8,725)

FAIRLAWN AVENUE UNITED CHURCH
STATEMENT OF CHANGES IN FUND BALANCES
December 31, 2021

Appendix D

UNAUDITED

	<u>2021</u>				<u>2021</u>	<u>2020</u>
	Church Operating	Restricted Operating Funds	Trustees Ministerial Salaries	Trustees Legacy Fund	Total	Total
Excess revenue/(expense)	37,777	(54,488)	28,758	369,936	381,983	8,725
Transfer - Ministerial Salaries Fund	28,758		(28,758)		-	
Transfer - Church operating	(67,628)			67,628	-	
Lucas Sanders contribution	1,093				1,093	1,177
					-	
Fund balances at beginning of year		237,412	1,000,000	1,369,561	2,606,973	2,614,521
Fund balances at end of year	\$ -	\$ 182,924	\$ 1,000,000	\$ 1,807,125	\$ 2,990,049	\$ 2,606,973

FAIRLAWN AVENUE UNITED CHURCH**STATEMENT OF CHANGES IN RESTRICTED OPERATING FUNDS****Year ended December 31, 2021**

				<u>UNAUDITED</u>
	December 31, 2020	Contributions and revenue	Expenditures	December 31, 2021
Refugee Fund	\$ 23,909	\$ 2,287	\$ -	26,196
Walk in Support	6,057	10,179	9,014	7,222
Embrace Action Fund	16,150	61,669	64,834	12,985
Social Justice Fund	-	345	345	-
Seniors Fund	-	4,319	4,319	-
Eleanor Daley Special Music Fund	44,489	12,472	4,010	52,951
Green Team	1,753	-	-	1,753
Boarding House Ministry	1,446	1,710	2,417	739
Prayer Shawls	573	980	732	821
Ministers' Funds	823	-	-	823
Bessie Barber Nursery	2,851	-	-	2,851
Camp Scugog	60	18,564	18,624	-
Other Funds Held in Trust	6,757	-	-	6,757
Food Bank	-	1,721	1,721	-
United Church of Canada Grant	132,544	-	62,718	69,826
	\$ 237,412	\$ 114,246	\$ 168,734	\$ 182,924

FAIRLAWN AVENUE UNITED CHURCH
STATEMENT OF CHANGES IN TRUSTEES' ADMINISTERED FUNDS
Year ended December 31, 2021

UNAUDITED

	Lucas Sanders	Anne Krug	Kellough Seniors	Social Justice	Total
REVENUE					
Investment income	\$ 5,827	\$ 1,387	\$ 299	\$ 5,952	\$ 13,465
Unrealized gain (loss)	22,405	5,332	1,151	18,352	47,240
					-
Total Revenue	\$ 28,232	\$ 6,719	\$ 1,450	\$ 24,304	\$ 60,705
DISBURSEMENTS					
Social Justice				280	280
Mission and Service	1,093				1,093
Piano Tuning		140			140
Bursaries	2,186				2,186
Investment Management Fees	1,455	346	75	566	2,442
Taxis, elevator and other			4,389		4,389
Church operating expenses	1,093				1,093
Total Disbursements	\$ 5,827	\$ 486	\$ 4,464	\$ 846	\$ 11,623
Net change during year	\$ 22,405	\$ 6,233	\$ (3,014)	\$ 23,458	\$ 49,082
Balances, beginning of year	151,127	35,964	7,762	143,978	338,831
Balances, end of year	\$ 173,532	\$ 42,197	\$ 4,748	\$ 167,436	\$ 387,913

**FAIRLAWN AVENUE UNITED CHURCH NOTES TO
THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2021**

1. The Church

Fairlawn Avenue United Church (the Church) was established in 1915. The Church is a registered charity and is exempt from income tax.

2. Basis of Presentation

The financial statements include the accounts of the Operating Fund of the Church, which are administered by the Finance & Stewardship Council, and the accounts of the Trustee Administered Funds of the Church, which are administered by the Board of Trustees.

3. Significant Accounting Policies

a) Accrual basis of accounting

The financial statements were prepared on the accrual basis of accounting. Revenue is recognized when received or considered receivable, and expense is recognized when services are rendered or supplies consumed without regard to the receipt or payment of cash.

b) Capital assets

The Church building and land are owned by the United Church of Canada and are not reflected in these financial statements. Capital assets are expensed in the year of purchase.

c) Donated materials and services

Much of the Church's work is performed by volunteers. The value of their efforts cannot be readily estimated and no attempt has been made to reflect such amounts in these financial statements.

d) Donated securities

Donated securities are accounted for at fair value on the date the gift is accepted.

e) Financial instruments

The Church's financial statements, other than investments (see note below), cash, accounts receivable, and accounts payable are reported at cost. The Church feels that, given the short life of these assets and liabilities, the reported values approximate fair value satisfactorily.

f) Valuation of investments

Investments are valued at fair value, determined as bid price for marketable securities.

g) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires the Church to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the year. These estimates and assumptions are reviewed periodically and adjustments are made to income in the year they become known.

h) Contribution and revenue recognition

In the Operating Fund, congregational donations are recognized when payment is received. Other revenues are recognized on the accrual basis when payment seems certain. In the Trustee Administered Funds, investment income is recognized on the accrual basis. Donations, bequests, and other revenues are recognized when payment is received.

4. Funds administered by the trustees

(a) Restricted Funds

The following restricted funds are presented in the Statement of Changes in Trustee Administered Funds:

Lucas Sanders Fund

The Lucas Sanders Fund was formed with the legacies from Lillian Lucas and Ann Sanders. These legacies specified that the investment income from this fund should be distributed annually in the following fashion: 25% to Church operating expenses, 25% to the Mission & Service Fund, and 50% to bursaries for students who are proceeding beyond secondary school.

Anne Krug Fund

The Anne Krug Fund was established to administer the contributions from the congregation in support of the renovation and maintenance of the grand piano donated by the Krug family.

Kellough Seniors Fund

The Kellough Seniors Fund was created by the legacy from Maude Kellough. The legacy restricts the use of the income from the fund for the benefit of seniors.

Social Justice Fund

The Social Justice Fund is a continuation of the pre-amalgamation St. James-Bond United Church non-designated trust funds. The funds are available to provide funding for the congregation's commitment to the development of a Social Justice Ministry. Spending of the capital in this fund requires the approval of the Social Justice Committee and the Governing Council.

The following restricted fund is presented in the Statement of Changes of Fund Balances:

Ministerial Salaries Fund

The Ministerial Salaries Fund was created from the partial proceeds of the sales of three manses and Armour Heights United Church. Income from this fund may be used to assist in covering the ministerial salaries of the Church. The fund does not participate in realized gains or losses on the sale of investments or unrealized gains or losses. The capital in this fund is to be maintained at \$1,000,000 except as expenditures may be approved by the United Church of Canada.

(b) Discretionary Fund

Legacy Fund

The Legacy Fund is used to cover all administrative costs of the Trustees, pay for capital asset additions, provide operating support for the Church and any additional funding requirements such as major repairs as directed by the Governing Council.

5. Restricted Operating Funds

Governing Council administers various special purpose funds from time to time. At December 31, 2021 there were eleven such funds under administration, with an aggregate balance of \$182,924. Details of these funds are disclosed in the Statement of Changes in Restricted Operating Funds.

6. Related Parties

During the year the congregation contributed \$41,090 (\$38,984 in 2020) to the United Church of Canada for its Mission & Service Fund. The Lucas Sanders Fund contributed a further \$1,093 (\$1,177 in 2020).

7. Gifts Received

During the year gifts of securities valued at \$36,875 were received (\$26,387 in 2020).

8. Investments Held by Trustees

The Social Justice Committee, in the restricted funds held by the Trustees, has its own investments. All other restricted and discretionary funds share pooled investments. Investment income includes dividends, interest and realized gains or losses on the sale of investments. Such investment income, together with unrealized gains or losses on investments held at year-end, is allocated to restricted and discretionary funds in proportion to their opening fund balances. The Ministerial Salaries Fund does not participate in realized gains or losses on the sale of investments or unrealized gains or losses.

Social Justice Investments

	2021	2020
Cash	\$14,988	\$ 6,313
Money Market	3,340	3,328
Common shares	117,256	97,375
Bonds	13,469	13,899
Preferred shares	14,513	13,982
Foreign equities	18,979	23,925
	\$ 182,545	\$ 158,822

Pooled Investments

	2021	2020
Cash	\$27,496	\$ 53,452
Money Market	43,031	98,485
Bonds	312,178	329,560
Canadian equities	2,250,374	1,772,726
Foreign equities	575,356	452,101
	\$3,208,435	\$ 2,706,324

Total Investments Held by Trustees \$ 3,390,980 \$ 2,865,146

9. Special Events

	2021	2020
Book sale	0	0
Special Music event	0	0
	<u>\$ 0</u>	<u>\$ 0</u>

10. Grant Funding

In 2018, the church was successful in its application to the United Church of Canada for grant funding to research the needs both of our congregation and the broader community. The grant funding does not offset any existing church operating costs but will fund third-party research and program development over a period of three years.

11. Wage Subsidies

In 2020, in response to the COVID-19 pandemic, the Canadian federal government provided subsidies to employers that experienced a drop in revenue compared with previous periods. The church received \$99,186 in subsidy payments in 2021 (\$173,847 in 2020).

Fairlawn Avenue United Church 2022 Budget Summary

Operating Revenue	Actual 2021	Budget 2022
Total Offerings	540,177	435,000
Total Rentals	-	-
Total other income	2,454	12,500
Total Revenue	542,631	447,500
Operating Expenses		
Experience Belonging		
Pastoral Support/LMT	1,594	2,000
Engagement and Events	1,000	1,000
Total Experience Belonging	2,594	3,000
Explore Spirituality		
Worship Council	2,249	19,000
Music Council	18,301	24,400
Faith Development Council	3,300	1,000
Total Explore Spirituality	23,850	44,400
Administration	71,722	79,340
Executive Council	-	500
Communications Council	2,696	2,250
Stewardship Council	245	745
Human Resource and Relationships Council (Note)	350,330	435,715
Property Council	53,417	73,697
Total Other Expenses	478,410	592,247
TOTAL EXPENSES	504,854	639,647
NET OPERATING SURPLUS (DEFICIT)	37,777	(192,147)

Note: The 2021 Human Resource and Relationships Council expenses were reduced by wage subsidy payments from the federal government in the amount of \$99,186.