

## 2022 Annual Report Appendices

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**Fairlawn Avenue United Church**

Financial Statements

December 31, 2022



## Independent Auditor's Report

To the Members of  
Fairlawn Avenue United Church

### Opinion

We have audited the accompanying financial statements of Fairlawn Avenue United Church (the "Church"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Church as at December 31, 2022, 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.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Church in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Church's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Church or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Church's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Church's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Church's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Church to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Comparative information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Fairlawn Avenue United Church adopted Canadian accounting standards for not-for-profit organizations on January 1, 2022 with a transition date of January 1, 2021. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2021 and January 1, 2021, and the statements of operations, changes in fund balances and cash flows for the year ended December 31, 2021 and related disclosures. We were not engaged to report on the restated comparative information and as such, it is unaudited.

The prior year's unaudited figures were prepared by the Governing Council.

*Koster, Spinks & Koster LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
April 28, 2023

## Fairlawn Avenue United Church

Statement of Financial Position  
December 31, 2022

	Church			Total		
	Operating and Restricted Operating	Trustees Ministerial Salaries	Trustees and Legacy Administered	December 31, 2022	December 31, 2021 (Unaudited)	January 1, 2021
<b>Assets</b>						
<b>Current</b>						
Cash	\$ 30,553	\$ -	\$ -	\$ 30,553	\$ 40,957	\$ 79,925
Accounts receivable (note 3)	16,161	-	13,264	29,425	28,110	14,360
Marketable securities (note 4)	153,274	1,000,000	1,782,855	2,936,129	3,003,067	2,526,315
Trustees' administered funds - marketable securities (note 4)	-	-	357,926	357,926	387,913	338,831
	199,988	1,000,000	2,154,045	3,354,033	3,460,047	2,959,431
Capital assets (note 5)	-	-	144,019	144,019	146,771	50,224
	\$ 199,988	\$ 1,000,000	\$ 2,298,064	\$ 3,498,052	\$ 3,606,818	\$ 3,009,655
<b>Liabilities and Fund Balances</b>						
<b>Current</b>						
Accounts payable and accrued liabilities	\$ 122	\$ -	\$ 25,988	\$ 26,110	\$ 14,085	\$ 13,627
Due to congregant (note 6)	68,000	-	-	68,000	68,000	-
	68,122	-	25,988	94,110	82,085	13,627
<b>Fund Balances</b>						
Restricted - Operating and Ministerial Salaries Fund	131,866	1,000,000	-	1,131,866	1,182,924	1,287,636
Discretionary - Legacy Fund	-	-	1,914,150	1,914,150	1,953,896	1,369,561
Trustees' Administered Funds (note 10)	-	-	357,926	357,926	387,913	338,831
	131,866	1,000,000	2,272,076	3,403,942	3,524,733	2,996,028
	\$ 199,988	\$ 1,000,000	\$ 2,298,064	\$ 3,498,052	\$ 3,606,818	\$ 3,009,655

Approved by the Governing Council

Director



Director





**Fairlawn Avenue United Church**

Statement of Changes in Fund Balances  
For The Year Ended December 31, 2022

	Church Operating	Restricted Operating Funds	Trustees Ministerial Salaries	Trustees Legacy Fund	Trustees Administered Funds	Total	
						2022	2021 (Unaudited)
<b>Fund balances, beginning of year</b> (note 2)	\$ -	\$ 182,924	\$ 1,000,000	\$ 1,953,896	\$ 387,913	\$ 3,524,733	\$ 2,996,028
(Deficiency) excess of revenues over expenses	(177,831)	(51,058)	28,924	109,161	(29,987)	(120,791)	528,705
Interfund transfer	177,831	-	(28,924)	(148,907)	-	-	-
<b>Fund balances, end of year</b>	\$ -	\$ 131,866	\$ 1,000,000	\$ 1,914,150	\$ 357,926	\$ 3,403,942	\$ 3,524,733

**Fairlawn Avenue United Church**  
Statement of Operations  
For The Year Ended December 31, 2022

	Total					
	Church Operating	Restricted Operating Funds	Trustees Ministerial Salaries	Trustees Legacy Fund	Trustees Administered Funds (note 10)	2021 2022 (Unaudited)
<b>Contributions and revenue</b>						
Congregation contributions (note 7)	\$ 383,209	\$ 101,221	\$ -	\$ -	\$ -	\$ 484,430
Mission and service contributions	44,851	-	-	-	-	44,851
Fundraising	13,946	-	-	-	-	13,946
Investment income	-	-	36,796	66,496	14,596	117,888
Legacies, memorials and donations	-	-	-	407,248	-	407,248
Realized (loss) gain on sale of marketable securities	-	-	-	(29,033)	(9,661)	(38,694)
Change in fair value of marketable securities	-	-	-	(283,825)	(28,886)	(312,711)
Wage subsidy	-	-	-	-	-	-
Lucas Sanders contribution	806	-	-	-	-	806
	<b>442,812</b>	<b>101,221</b>	<b>36,796</b>	<b>160,886</b>	<b>(23,951)</b>	<b>1,405,882</b>
<b>Expenses</b>						
Salaries and benefits	370,448	-	-	-	-	370,448
Property	101,022	-	-	-	-	101,022
Outreach	-	93,699	-	-	-	93,699
General and administration	79,157	-	-	-	806	79,963
Mission and service	44,851	-	-	-	-	44,851
Grant expenditures	-	42,132	-	-	-	42,132
Worship	16,016	16,448	-	-	-	32,464
Investment management fees	-	-	7,872	14,226	2,298	24,396
Amortization	-	-	-	18,259	-	18,259
Audit and legal	1,450	-	-	16,232	-	17,682
Other councils	7,699	-	-	-	-	7,699
Repairs and maintenance	-	-	-	3,008	-	3,008
Other expenses	-	-	-	-	2,932	2,932
	<b>620,643</b>	<b>152,279</b>	<b>7,872</b>	<b>51,725</b>	<b>6,036</b>	<b>838,555</b>
	<b>\$ (177,831)</b>	<b>\$ (51,058)</b>	<b>\$ 28,924</b>	<b>\$ 109,161</b>	<b>\$ (29,987)</b>	<b>\$ (120,791)</b>
<b>(Deficiency) excess of revenues over expenses</b>						<b>\$ 528,705</b>

## Fairlawn Avenue United Church

Statement of Cash Flows  
For The Year Ended December 31, 2022

	2022	2021 (Unaudited)
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
(Deficiency) excess of revenues over expenses	\$ (120,791)	\$ 528,705
Items not affecting cash:		
Amortization	18,259	11,273
Loss (gain) on sale of marketable securities	38,964	(409)
Change in fair value of marketable securities	312,711	(398,532)
Net change in non-cash working capital (note 8)	10,710	54,708
	<u>259,853</u>	<u>195,745</u>
<b>Investing activities</b>		
Acquisition of capital assets	(15,507)	(107,820)
Acquisition of marketable securities	(869,027)	(126,893)
Proceeds from sale of marketable securities	614,277	-
	<u>(270,257)</u>	<u>(234,713)</u>
Change in cash during the year	(10,404)	(38,968)
Cash, beginning of year	40,957	79,925
<b>Cash, end of year</b>	<u>\$ 30,553</u>	<u>\$ 40,957</u>



# Fairlawn Avenue United Church

Notes to Financial Statements  
December 31, 2022

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## Fairlawn Avenue United Church

Fairlawn Avenue United Church (the "Church") was established in 1915. The Church's mandate is to provide religious services, pastoral care, outreach to the community and other typical services provided by a traditional church. The Church was incorporated without share capital and qualifies as a not-for-profit entity under the Income Tax Act and, as such, is exempt from income taxes.

### 1. Significant accounting policies

These statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, using the restricted fund method of accounting for contributions. The significant accounting policies are as follows:

#### a) Fund accounting

The financial statements of the Church segregate the following funds:

##### **Church operating fund**

The operating fund records the day-to-day operations of the Church. The fund includes contributions, fundraising and other receipts for general purposes. The fund does not include any receipts that are restricted in its use.

##### **Trustees legacy fund**

This 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. The Legacy fund includes legacies, memorials and donations received.

##### **Restricted funds**

###### *(i) Restricted Operating Fund*

The Governing Council administers various special purpose funds from time to time. As at December 31, 2022, there were 17 such funds under administration with an aggregate balance of \$131,866.

###### *(ii) Trustees Ministerial Salaries Fund*

This 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 marketable securities 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.

# Fairlawn Avenue United Church

## Notes to Financial Statements

December 31, 2022

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### Trustee administered funds

The following funds administered by the trustees.

(i) *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.

(ii) *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.

(iii) *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.

(iv) *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 approval from the Social Justice Committee and the Governing Council.

### b) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful life of the assets.

Furniture and equipment	5 years
Leasehold improvements	10 years
Computer equipment	3 years

In the year of acquisition one half the normal rate of amortization is claimed.





# Fairlawn Avenue United Church

Notes to Financial Statements  
December 31, 2022

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c) Revenue recognition

The Church uses the restricted fund method of recording contributions and donations. Restricted donations are recognized as revenue of the appropriate restricted funds. All other restricted donations for which no restricted funds have been established are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations and grants are recognized as revenue of the Operating fund when received. Investment income is recognized on an accrual basis and capital gains or losses are recorded as realized.

d) Foreign exchange

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the year end exchange rate. Gains or losses resulting from such translations are reflected in the statement of operations.

Dividends and interest denominated in foreign currencies throughout the year have been translated at the average daily rate.

e) Financial instruments

*Measurement of financial instruments*

The Church initially measures its financial assets and liabilities at fair value. The Church subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments, fixed income instruments, and mutual fund units that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at cost or amortized cost include cash and accounts receivable. Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities and due to congregant.

Financial assets measured at fair value include quoted shares, fixed income securities and mutual funds presented as marketable securities.

*Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.





# Fairlawn Avenue United Church

Notes to Financial Statements  
December 31, 2022

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## *Transaction costs*

The Church recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

## f) Government assistance

The Church makes periodic applications for financial assistance under various government programs. Government assistance is recorded using the gross method such that funds are recorded at the gross amount into revenue. Government assistance is recorded when the qualifying expenditure is made.

## g) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results will differ from such estimates.

## h) Donated materials and services

Donated materials and services are recorded at fair market value when received. The Church records donated services if the fair market value is determinable.

## **2. Impact of first-time adoption of Canadian accounting standards for not-for-profit organizations**

These financial statements are the first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations, hereinafter referred to as "ASNPO".

The financial statements for the year ended December 31, 2022 were prepared in accordance with the accounting principles described and the provisions set out in Section 1501, *First-Time Adoption by not-for-profit Organizations*, of the *CPA Canada Handbook - Accounting* for first-time adopters of this basis of accounting.

The impact of adopting these standards was accounted for in the fund balances at the date of transition, i.e. January 1, 2021 (beginning of the first annual period for which information is presented in the financial statements). The Church recognized capital assets and amortization and adjusted the trustees' administered fund transactions, Lucas Sanders contribution and repairs and maintenance expense.



# Fairlawn Avenue United Church

## Notes to Financial Statements December 31, 2022

	Statement of Financial Position as at January 1, 2021 based on previous unaudited financial statements	Changes in fund balances	Statement of Financial Position as at January 1, 2021 in accordance with ASNPO
Current			
Cash	\$ 79,925	\$ -	\$ 79,925
Accounts receivable	14,360	-	14,360
Marketable securities	2,526,315	-	2,526,315
Trustees' administered funds - marketable securities	338,831	-	338,831
	<u>2,959,431</u>	-	<u>2,959,431</u>
Capital assets	-	50,224	50,224
	<u>\$ 2,959,431</u>	<u>\$ 50,224</u>	<u>\$ 3,009,655</u>

	Statement of Financial Position as at January 1, 2021 based on previous unaudited financial statements	Changes in fund balances	Statement of Financial Position as at January 1, 2021 in accordance with ASNPO
Liabilities			
Accounts payable and accrued liabilities	\$ 13,627	-	\$ 13,627
Trustees' administered funds	338,831	(338,831)	-
	<u>352,458</u>	<u>(338,831)</u>	<u>13,627</u>
Fund balances			
Restricted Operating and Ministerial Salaries Fund	1,237,412	50,224	1,287,636
Discretionary - Legacy Fund	1,369,561	-	1,369,561
Trustees' Administered Fund	-	338,831	338,831
	<u>2,606,973</u>	<u>389,055</u>	<u>2,996,028</u>
	<u>\$ 2,959,431</u>	<u>\$ 50,224</u>	<u>\$ 3,009,655</u>





## Fairlawn Avenue United Church

Notes to Financial Statements  
December 31, 2022

	Statement of operations for the year ended December 31, 2021 based on previous unaudited financial statements	Changes in fund balances	Statement of operations for the year ended December 31, 2021 in accordance with ASNPO
Revenues	\$ 1,244,898	\$ 160,984	\$ 1,405,882
Expenses			
Salaries and benefits	449,516	-	449,516
Property	53,417	-	53,417
Outreach	94,538	-	94,538
General and administration	71,721	1,093	72,814
Mission and service	41,090	-	41,090
Grant expenditures	62,718	-	62,718
Worship	32,028	-	32,028
Investment management fees	22,810	2,442	25,252
Repairs and maintenance	125,427	(107,819)	17,608
Amortization	-	11,273	11,273
Other councils	8,835	-	8,835
Wage subsidy	(99,186)	99,186	-
Other expenses	-	8,088	8,088
	<u>862,914</u>	<u>14,263</u>	<u>877,177</u>
Excess of revenues over expenses	<u>\$ 381,984</u>	<u>\$ 146,721</u>	<u>\$ 528,705</u>

Reconciliation of fund balances as at January 1, 2021 and December 31, 2021:

	December 31, 2021	January 1, 2021
Ending fund balances based on previous financial statements	<u>\$ 2,990,049</u>	<u>\$ 2,606,973</u>
Impact of adjustments on capitalized assets	160,687	52,867
Impact of adjustments on amortization	(13,916)	(2,643)
Impact of trustees' administered funds	387,913	338,831
Ending fund balances under ASNPO	<u>\$ 3,524,733</u>	<u>\$ 2,996,028</u>





## Fairlawn Avenue United Church

Notes to Financial Statements  
December 31, 2022

### 3. Accounts receivable

Accounts receivable includes a public service bodies' rebate receivable in the amount of \$10,471 (2021: \$9,454 and January 1, 2021: \$5,162)

### 4. Marketable securities

The Social Justice Committee, part of the restricted funds held by the Trustees, has its own investment account. All other restricted and discretionary funds share pooled investments. All marketable securities are recorded at fair value and consist of the following securities:

	December 31, 2022		December 31, 2021		January 1, 2021	
	Market value	Cost	Market value	Cost	Market value	Cost
	(Unaudited)					
Cash held with broker	\$ 408,038	\$ 408,038	\$ 42,485	\$ 42,485	\$ 59,821	\$ 59,821
Fixed income securities	12,958	13,030	13,469	13,030	13,900	13,030
Canadian equities	2,328,232	1,678,959	2,748,010	1,868,626	2,317,472	1,721,490
Foreign equities	544,827	352,329	587,016	312,502	473,953	314,895
	<u>\$ 3,294,055</u>	<u>\$ 2,452,356</u>	<u>\$ 3,390,980</u>	<u>\$ 2,236,643</u>	<u>\$ 2,865,146</u>	<u>\$ 2,109,236</u>

The quoted market price was used to estimate the fair value of the marketable securities.

Marketable securities consist of the following:

	December 31, 2022	December 31, 2021	January 1, 2021
	(Unaudited)		
Marketable securities	\$ 2,936,129	\$ 3,003,067	\$ 2,526,315
Trustees' administered funds - marketable securities	357,926	387,913	338,831
	<u>\$ 3,294,055</u>	<u>\$ 3,390,980</u>	<u>\$ 2,865,146</u>

## Fairlawn Avenue United Church

Notes to Financial Statements  
December 31, 2022

### 5. Capital assets

Capital assets consist of the following:

	December 31, 2022		December 31, 2021 (Unaudited)		January 1, 2021 (Unaudited)
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Leasehold improvements	\$ 167,736	\$ 29,090	\$ 138,646	\$ 141,164	\$ 50,224
Furniture and equipment	2,500	750	1,750	2,250	-
Computer equipment	5,958	2,335	3,623	3,357	-
	\$ 176,194	\$ 32,175	\$ 144,019	\$ 146,771	\$ 50,224

### 6. Due to congregant

The amount due to congregant is non-interest bearing and is expected to be repaid once certain criteria have been met.

### 7. Congregation contributions

Congregation contributions include donated marketable securities in the amount of \$51,471 (2021: \$36,875).

### 8. Net change in non-cash working capital

The net change in non-cash working capital is as follows:

	2022	2021 (Unaudited)
(Increase) decrease in:		
Accounts receivable	\$ (1,315)	\$ (13,750)
Increase (decrease) in:		
Accounts payable and accrued liabilities	12,025	458
Due to congregant	-	68,000
	\$ 10,710	\$ 54,708



## Fairlawn Avenue United Church

Notes to Financial Statements  
December 31, 2022

### 9. Lease commitments

The Church's minimum annual lease payments for operating leases are as follows:

2023	<u>\$ 1,810</u>
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### 10. Trustees' administered funds

The trustees' administered funds consist of the following funds:

	Lucas Sanders	Anne Krug	Kellough Seniors	Social Justice	Total	
					2022	2021 (Unaudited)
<b>Revenue</b>						
Investment income	\$ 6,385	\$ 1,553	\$ 175	\$ 6,483	\$ 14,596	\$ 13,465
Change in fair value of marketable securities	(17,546)	(4,267)	(480)	(6,593)	(28,886)	47,240
Realized (loss) gain on sale of marketable securities	(1,795)	(436)	(49)	(7,381)	(9,661)	-
	(12,956)	(3,150)	(354)	(7,491)	(23,951)	60,705
<b>Expenses</b>						
Investment management fees	1,366	332	37	563	2,298	2,442
Bursaries	1,612	-	-	-	1,612	2,186
Mission and service	806	-	-	-	806	1,093
Church operating expenses	806	-	-	-	806	1,093
Piano tuning	-	436	-	-	436	140
Social justice	-	-	-	78	78	280
Taxis, elevator and other	-	-	-	-	-	4,389
	4,590	768	37	641	6,036	11,623
(Deficiency) excess of revenues over expenses	(17,546)	(3,918)	(391)	(8,132)	(29,987)	49,082
Fund balances, beginning of year	173,532	42,197	4,748	167,436	387,913	338,831
<b>Fund balances, end of year</b>	<b>\$ 155,986</b>	<b>\$ 38,279</b>	<b>\$ 4,357</b>	<b>\$ 159,304</b>	<b>\$ 357,926</b>	<b>\$ 387,913</b>



# Fairlawn Avenue United Church

Notes to Financial Statements  
December 31, 2022

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## 11. Financial instruments

The Church is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

### a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Church's main credit risks relate to its accounts receivable.

### b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to the risk mainly in respect to its accounts payable and accrued liabilities and due to congregant.

### c) 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 risk, interest rate risk and other price risk. The Church is exposed to interest rate risk, currency risk and other price risk.

### d) 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 Church is exposed to interest rate risk on its fixed interest rate financial instruments.

### e) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at December 31, 2022, approximately 19% of the Church's marketable securities balances are in a foreign currency at market value. Consequently, some assets, revenues and expenses are exposed to foreign exchange fluctuations.

### f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Church is exposed to other price risk through its investments in quoted shares, fixed income and mutual funds.