



UNAUDITED

Financial Report

Year Ended December 31, 2022

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Grace Presbyterian ChurchStatement of Financial Position
December 31, 2022**UNAUDITED**

	2022	2021
	\$	\$
ASSETS		
Current Assets		
Cash and Cash Equivalents - Restricted	807,176	504,956
Accounts Receivable	24,940	13,150
Prepaid Expenses	-	19,404
Restricted Short -Term Investments	1,377,539	1,685,514
	<u>2,209,655</u>	<u>2,223,024</u>
Long-Term Investments		
PCC Consolidated Portfolio	1,335,182	1,555,229
Investment in Ridge Rentals (see Note 8)	2,137,316	2,137,316
	<u>3,472,498</u>	<u>3,692,545</u>
TOTAL ASSETS	<u>5,682,153</u>	<u>5,915,569</u>
LIABILITIES		
Current Liabilities		
Accounts Payable & Accrued Liabilities	7,831	46,873
Deferred Restricted Contributions (See Notes 3, 7)	3,671,359	3,717,962
	<u>3,679,190</u>	<u>3,764,835</u>
NET ASSETS		
Net Assets before Prior Period Adjustments	1,937,615	2,150,734
Prior Period Adjustments (see Note 9)	65,348	-
Net Assets	<u>2,002,963</u>	<u>2,150,734</u>
	<u>5,682,153</u>	<u>5,915,569</u>
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See Accompanying Notes

3

Grace Presbyterian Church

Statement of Receipts and Disbursements
For the Year Ended December 31, 2022

UNAUDITED

	2022	2022	2021
	\$	Budget \$	\$
RECEIPTS			
Operating Revenues			
Offerings	686,122	684,400	632,793
Programs	6,498	38,500	39,213
Rentals	72,572	45,000	32,953
Other	4,161	-	3,032
	<u>769,353</u>	<u>767,900</u>	<u>707,991</u>
Investment Revenue (See Note 3)	73,707	43,400	99,990
Government Wage Subsidy (CEWS)	-	-	104,840
Realized Investment Gain (Loss)	<u>(35,487)</u>	<u>-</u>	<u>-</u>
TOTAL RECEIPTS	807,573	811,300	912,821
DISBURSEMENTS			
Ministerial Resources	246,288	319,675	255,326
Session Committees (See Note 5)	969,664	1,181,655	920,182
PCC Commitments (See Note 4)	153,927	155,040	200,132
Pastoral Assistance	<u>15,210</u>	<u>40,000</u>	<u>20,674</u>
TOTAL OPERATIONAL DISBURSEMENTS	1,385,089	1,696,370	1,396,314
Surplus (Deficit) From Operations	(577,516)	(885,070)	(483,493)
Capital Expenditures	27,304	148,500	309,581
Surplus (Deficit) after Capital Expenditures	(604,820)	(1,033,570)	(793,074)
Use of Deferred Contributions	605,257	420,095	711,373
Surplus (Deficit) after Use of Deferred Contributions	437	(613,475)	(81,701)
Unrealized Investment Gain (Loss)	(213,556)	60,000	81,823
Surplus (Deficit)	(213,119)	(553,475)	122

See Accompanying Notes

Grace Presbyterian ChurchNet Asset Continuity
For the Year Ended December 31, 2022**UNAUDITED**

	2022	2021
	\$	\$
Net Assets, Beginning of the Year	2,150,734	2,150,612
Surplus (Deficit)	<u>(213,119)</u>	<u>122</u>
Net Assets before Prior Period Adjustments	1,937,615	2,150,734
Prior Period Adjustments (Note 9)	<u>65,348</u>	<u>-</u>
Net Assets, End of the Year	<u>2,002,963</u>	<u>2,150,734</u>

Grace Presbyterian ChurchStatement of Cash Flows
For the Year Ended December 31, 2022**UNAUDITED**

	2022	2021
	\$	\$
Net Income (Loss)	(213,119)	122
Cash Provided (Used In) by Other Operating Activities		
Accounts Receivable	(11,790)	19,722
Prepaid Expenses	19,404	2,407
Accounts Payable & Accrued Liabilities	(39,042)	(65,430)
Restricted Short-Term Investments	<u>307,975</u>	<u>1,070,649</u>
Net Cash Provided by (Used In) Operating Activities	276,547	1,027,348
Cash Provided by (Used In) Investing Activities		
PCC Investment	220,047	(158,647)
Investment in Ridge Rentals	<u>-</u>	<u>(248,891)</u>
Net Cash Provided by (Used In) Investing Activities	220,047	(407,538)
Cash Provided by (Used In) Financing Activities		
Deferred Restricted Revenue Contributions & Transfers	929,206	140,490
Deferred Restricted Revenue Withdrawals & Transfers	<u>(975,809)</u>	<u>(737,338)</u>
Net Cash Provided by (Used In) Financing Activities	<u>(46,603)</u>	<u>(596,848)</u>
Cash provided by (Used In) Prior Period Adjustments (see Note 9)	65,348	-
Net Cash Increase (Decrease) for the Period	302,220	23,084
Cash, Beginning of the Period	504,956	481,872
Cash, End of the Period	<u>807,176</u>	<u>504,956</u>

See Accompanying Notes

6

1. Purpose of the Organization

Grace Presbyterian Church of Calgary (Grace) is a congregation within the Presbyterian Church in Canada (PCC) and is incorporated under “The Religious Societies’ Land Act” of the Province of Alberta. Grace is a registered charity under the Income Tax Act.

Grace’s vision is to “transform lives through God’s grace”.

2. Comparative Numbers

Some 2021 balances have been restated to conform with the 2022 presentation.

3. Significant Accounting Policies

Revenue Recognition

Grace follows the deferred 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.

Investment income is recognized as revenue when earned.

Deferred Restricted Contributions

Grace receives contributions designated by donors for specific purposes. If the funds are not used during the year in which they were donated, they become deferred restricted contributions. Deferred restricted contributions are drawn down as expenditures matching the restrictions or conditions of giving are incurred.

Contributed Services

Volunteers provide extensive support to assist Grace in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Property, furniture and equipment

Property, furniture and equipment are charged as expenses when acquired and accordingly, no asset or amortization is recorded in the accounts. During 2022, expenditures of \$56,025 (2021-\$348,143) relating to property and equipment were incurred. (See Note 5.)

Internally Restricted Funds

Grace may restrict contributions or an operating surplus for specific purposes. Internally restricted funds are included as part of the Deferred Restricted Contributions balances.

4. PCC Commitments

As a member of the Presbyterian Church in Canada (PCC), Grace is obligated to support the operations and programs of the denomination. Remittances are made as follows:

- Presbyterian Sharing – an amount determined by the Finance Committee and Session, but based on a suggested amount determined by a formula. These funds are used to cover PCC administrative costs and to support denominational programs.
- Presbytery and Synod Dues – an obligatory formula-based amount to fund operations of the presbytery/synod. (Currently 4 - 4.5% of prior year’s revenues reduced by funds sent to Presbyterian Sharing, PWS&D, and used for refugee sponsorship.)
- Congregational Assessment – an obligatory formula-based amount to fund the ministers’ pension plan. (Currently 5% of prior year’s revenues reduced by funds sent to Presbyterian Sharing, PWS&D, and used for refugee sponsorship.)

	2022	2021
	\$	\$
Presbyterian Sharing	40,000	55,000
Presbytery/Synod Dues	50,180	68,747
Congregational Assessment	63,747	76,385
	<u>153,927</u>	<u>200,132</u>

Grace Presbyterian ChurchNotes to the Financial Report
December 31, 2022**UNAUDITED****5. Session Committee Disbursements**

	2022	Budget 2022	2021
	\$	\$	\$
Spiritual Growth	148,308	195,205	149,491
Engagement & Service	21,190	96,625	48,778
Pastoral Care Committee	5,981	9,700	1,215
Preaching Grace	11,404	18,370	10,534
Governance & Planning	4,306	8,000	7,742
Human Resources	2,765	3,000	2,512
Finance	-	21,000	-
Facilities	313,800	300,760	372,533
Administration/Office	442,928	524,995	327,377
Session Ad Hoc Committees	18,982	4,000	-
	<u>969,664</u>	<u>1,181,655</u>	<u>920,182</u>

Property, furniture and equipment includes the following expenditures:

Capital Expenditures	27,304	148,500	309,581
HVAC	13,867	15,000	29,567
Furniture, Computers and Equipment	14,854	9,500	8,995
	<u>56,025</u>	<u>173,000</u>	<u>348,143</u>

6. Long-Term Commitments

In May 2019, Grace entered into a leasing agreement with CBSC Capital Inc. (a member of the Canon Group of Companies) to replace the existing photocopier. The lease is for 62 months with payments each quarter for 20 quarters of \$1,280 plus GST plus insurance of \$122 plus GST. Grace's payments for 2022 and obligations for the remaining term of the lease are outlined below:

2022	\$5,889
2023	\$5,889
2024	\$2,945

7. Deferred Restricted Contributions

In 2020, Session approved the reclassification of the majority of Deferred Restricted Contributions, and subsequently in 2021, approved how these funds can be disbursed. These actions were undertaken in accordance with the report prepared in 2019 by the accounting firm Pricewaterhouse Coopers.

Capital Fund

The purpose of the Capital fund is to provide funds for major enhancements to the building, capital projects, and significant repair and maintenance costs.

Operations

The purpose of the Operations Fund is to support the day-to-day costs of the ongoing operations of Grace.

Missional/Outreach

There are several separate Missional/Outreach Funds. While all of the funds are intended to support the outreach work of Grace, each category has separate restrictions on their use.

Discipleship

The purpose of the Discipleship Funds is to support the missional activities of Grace.

Cake Bake

The purpose of the Cake Bake Funds is to provide funds for supplies and equipment for the cake bake (Cake Bake – Donations) as well as to support community organizations assisting the hungry, homeless and less fortunate from the proceeds of cake sales (Cake Bake Proceeds).

Preaching Grace

The purpose of the Preaching Grace Funds is to provide funds for the cost of the annual activities associated with the Preaching Grace Program.

Grace Bethany

The purpose of the Grace Bethany Fund is to support charitable and missional activities as determined by the Grace Bethany Group.

Note 7: Deferred Restricted Contributions (continued)

Ministerial/Congregational Support

There are several separate Ministerial/Congregational Support Funds. While all of the funds are intended to support the worship and congregational activities of Grace, each category has separate restrictions on their use.

Pastoral Assistance

The purpose of the Pastoral Assistance Fund is to provide funds to members and adherents of Grace's congregation or members of the community who find themselves in need.

Ministerial Support

The purpose of the Ministerial Support Fund is to provide funds to members of the clergy as they further their studies or well-being during a sabbatical.

Children & Youth

The purpose of the Children & Youth Fund is to provide funds for the education of Grace's and the community's children and youth.

Music

The purpose of the Music Fund is to provide funds for Grace's music programs.

Rose Baltrusaitis Scholarship

The purpose of the Rose Baltrusaitis Scholarship Fund is to provide funds for individuals studying music.

Women's Legacy Fund

The purpose of the Women's Legacy Fund is to provide opportunities for a significant group of women made up of members and adherents of Grace, to set up and organize programs to serve the ministry and outreach of Grace.

ELL

The purpose of the ELL Fund is to provide funds for Grace's ministry of assisting individuals whose first language is not English to become conversant in the English language.

Note 7: Deferred Restricted Contributions (continued)**Deferred Restricted Contributions
Continuity Schedule**

	Closing Balance December 31, 2021	Contributions & Transfers	Withdrawals & Transfers	Ending Balance December 31, 2022
Capital	\$481,992	\$ -	\$84,768	\$397,224
Capital Replacement Reserve	-	201,697	-	201,697
Operations	1,341,182	648,804	229,386	1,760,600
Missional/Outreach				
Discipleship/Community Outreach	859,616	20,395	174,876	705,135
Cake Bake - Donations	26,161	21,164	22,324	25,001
Cake Bake - Proceeds	21,760	13,960	35,720	-
Preaching Grace	35,866	18,160	10,232	43,794
Grace Bethany	1,078	1,595	1,084	1,589
	944,481	75,274	244,236	775,519
Ministerial/Congregational Support				
Pastoral Assistance	216,011	1,053	15,210	201,854
Ministerial Support	114,849	1,000	7,925	107,924
Children & Youth	218,464	998	68,388	151,074
Music	21,862	380	-	22,242
Rose Baltrusaitis Scholarship	15,783	-	5,307	10,476
Women's Legacy Fund	12,000	-	-	12,000
ELL	27,928	-	5,144	22,784
	626,897	3,431	101,974	528,354
Grace House	7,965	-	-	7,965
Centennial Funds	213,747	-	213,747	-
Parking Lot	101,698	-	101,698	-
	<u>\$3,717,962</u>	<u>\$929,206</u>	<u>\$975,809</u>	<u>\$3,671,359</u>

8. Investment in Ridge Rentals

In 2021, Grace's investment in Ridge Rentals (Ridge) increased by \$248,891. Grace, as sole shareholder of Ridge, advanced funds to retire Ridge's mortgage to Cornerstone Investments. This increased Grace's equity in Ridge by the amount of the advance. The funds for the advance were provided from deferred restricted contributions that had been designated for that purpose.

9. Prior Period Adjustments

Prior period adjustments arise from the identification and correction of recording errors in prior years or the result of transactions occurring in the current year that relate to events of past years. In 2022, three such events occurred.

Refund of overpayment of Synod dues from 2019-2021	\$26,493
Adjustment to Accounts Payable – Presbytery adjusted assessment for 2019 based on assessment of dues on funds that should have been classed as deferred contributions.	39,539
Adjustment to retained earnings with new chart of accounts	<u>(684)</u>
	<u>\$65,348</u>

10. Off-Balance Sheet Assets

Consistent with Grace’s accounting policy on property, furniture, and equipment (see Note 3), the books of account do not reflect property that Grace has acquired over the years. The most significant of these assets are:

- Church building and land
- South parking lot
- North parking lot
- “RESET” house

While these assets have a significant appraised value, that value is recognized only in the event that they are liquidated through sale.

11. Risk Management

Risk management encompasses the identification, analysis, and response to risk factors that form part of the life of any organization. Effective risk management means attempting to control, as much as possible, future outcomes by acting proactively rather than reactively. Therefore, effective risk management offers the potential to reduce both the possibility of a risk occurring and its potential impact.

Session and each committee frequently identify and assesses the risks that they face and determines the most effective strategy to manage/mitigate the risk. The Governance and Planning Committee reviews the overall risk assessment process to ensure that it continues to be robust.

Loss to Grace’s assets and personal injury are mitigated through comprehensive insurance, based on an assessment of the building and operations, and through Worker’s Compensation.