



Financial Statements

The Canadian Unitarian Council

December 31, 2018

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# Independent Auditor's Report

To the Members of  
The Canadian Unitarian Council

## Qualified Opinion

We have audited the financial statements of The Canadian Unitarian Council (the "Council"), which comprise the statement of financial position as at December 31, 2018, and the statements of revenue and expenditures, changes in net assets, changes in externally restricted and endowment funds and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2018, 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 ("ASNPO").

## Basis for Qualified Opinion

In common with many charities, the Council derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Council. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures, and cash flows from operations for the year ended December 31, 2018, assets as at December 31, 2018 and net assets as at December 31, 2018.

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 Council 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 qualified opinion.

## Other matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedule are presented for purposes of additional information and has not been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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 Council's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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 Council'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 Council'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 Council 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.



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# The Canadian Unitarian Council

## Statement of Financial Position

As at December 31

2018

2017

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### Assets

#### Current

Cash	\$ 145,025	\$ 206,251
Accounts receivable	86,076	62,842
Prepaid and other	<u>11,333</u>	<u>8,057</u>
	242,434	277,150

Investments (Note 3)	<u>5,312,786</u>	<u>5,937,043</u>
	<u>\$ 5,555,220</u>	<u>\$ 6,214,193</u>

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### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ <u>50,764</u>	\$ <u>40,768</u>
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#### Net assets

General fund	2,243,180	2,617,709
Externally restricted funds	860,997	911,718
Endowment funds	2,251,092	2,446,242
Internally restricted funds (Note 5)	<u>149,187</u>	<u>197,756</u>
	<u>5,504,456</u>	<u>6,173,425</u>
	<u>\$ 5,555,220</u>	<u>\$ 6,214,193</u>

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On behalf of the Board of Trustees

Margaret Wanlin Trustee

Joanne Green Trustee

See accompanying notes and schedule to the financial statements.

# The Canadian Unitarian Council

## Statement of Revenue and Expenditures

Year ended December 31

	General Fund	Externally Restricted and Endowment Funds	Internally Restricted Funds	2018 Total	2017 Total
<b>Revenue</b>					
Annual program contributions	\$ 395,443	\$ -	\$ -	\$ 395,443	\$ 365,630
Grant	-	-	183,776	183,776	-
Donations	<u>36,193</u>	<u>10,465</u>	<u>45,911</u>	<u>92,569</u>	<u>314,297</u>
	431,636	10,465	229,687	671,788	679,927
Investment income (Note 3)	215,881	15,902	-	231,783	125,816
Annual conference and meeting receipts	94,556	-	-	94,556	-
Truth, Healing and Reconciliation	26,122	-	-	26,122	-
Other	9,257	-	-	9,257	16,859
Event registration	7,158	-	-	7,158	35,634
Publication revenue	-	-	-	-	248
	<u>784,610</u>	<u>26,367</u>	<u>229,687</u>	<u>1,040,664</u>	<u>858,484</u>
<b>Expenditures (Schedule)</b>					
Staffing	466,940	-	-	466,940	391,218
Grant subsidies and expenses (Note 4)	750	19,042	278,256	298,048	127,847
Administration	103,297	-	-	103,297	56,972
Annual conference and meeting	78,625	-	-	78,625	2,759
Investment management fees	68,688	-	-	68,688	62,162
Congregational services	67,292	-	-	67,292	50,745
Media and communications	55,086	-	-	55,086	37,066
Board, national committees and task forces	20,046	-	-	20,046	34,303
Youth and young adult	16,563	-	-	16,563	11,806
Program administration	11,914	-	-	11,914	7,440
Social responsibility	<u>117</u>	<u>-</u>	<u>-</u>	<u>117</u>	<u>4,233</u>
	<u>889,318</u>	<u>19,042</u>	<u>278,256</u>	<u>1,186,616</u>	<u>786,551</u>
Excess (deficiency) of revenue over expenditures before undernoted item	(104,708)	7,325	(48,569)	(145,952)	71,933
Unrealized (loss) gain on investments	<u>(523,017)</u>	<u>-</u>	<u>-</u>	<u>(523,017)</u>	<u>622,353</u>
Excess (deficiency) of revenue over expenditures	\$ <u>(627,725)</u>	\$ <u>7,325</u>	\$ <u>(48,569)</u>	\$ <u>(668,969)</u>	\$ <u>694,286</u>

See accompanying notes and schedule to the financial statements.

# The Canadian Unitarian Council

## Statement of Changes in Net Assets

Year ended December 31

	General Fund	Externally Restricted and Endowment Funds	Internally Restricted Funds	<b>2018 Total</b>	2017 Total
Net assets, beginning of year	\$ 2,617,709	\$ 3,357,960	\$ 197,756	<b>\$ 6,173,425</b>	\$ 5,479,139
Excess (deficiency) of revenue over expenditures	(627,725)	7,325	(48,569)	<b>(668,969)</b>	694,286
Discretionary income interfund transfer	<u>253,196</u>	<u>(253,196)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 2,243,180</u>	<u>\$ 3,112,089</u>	<u>\$ 149,187</u>	<u><b>\$ 5,504,456</b></u>	<u>\$ 6,173,425</u>

See accompanying notes and schedule to the financial statements.

# The Canadian Unitarian Council

## Statement of Changes in Externally Restricted and Endowment Funds

Year ended December 31

	Avalon Fund	Congregation Investment Funds	The Percy Simpson Bailey Endowment Fund	Nancy and Victor Knight Endowment Fund	Internally Restricted Endowment Fund	Other Trust Funds	2018 Total	2017 Total
Balance, beginning of year	\$ 267,384	\$ 612,704	\$ 150,191	\$ 8,762	\$ 2,287,289	\$ 31,630	\$ 3,357,960	\$ 3,093,971
Add								
Contributions	-	-	-	-	10,000	465	10,465	118,816
Investment income								
Consumer Price Index	5,348	-	3,004	175	45,745	-	54,272	49,796
Discretionary allocation	<u>-</u>	<u>(38,370)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,370)</u>	<u>103,230</u>
	<u>5,348</u>	<u>(38,370)</u>	<u>3,004</u>	<u>175</u>	<u>55,745</u>	<u>465</u>	<u>26,367</u>	<u>271,842</u>
Deduct								
Disbursements	-	(18,164)	-	(878)	-	-	(19,042)	(7,853)
Transfer to general funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(253,196)</u>	<u>-</u>	<u>(253,196)</u>	<u>-</u>
	<u>-</u>	<u>(18,164)</u>	<u>-</u>	<u>(878)</u>	<u>(253,196)</u>	<u>-</u>	<u>(272,238)</u>	<u>(7,853)</u>
Balance, end of year	<u>\$ 272,732</u>	<u>\$ 556,170</u>	<u>\$ 153,195</u>	<u>\$ 8,059</u>	<u>\$ 2,089,838</u>	<u>\$ 32,095</u>	<u>\$ 3,112,089</u>	<u>\$ 3,357,960</u>

See accompanying notes and schedule to the financial statements.



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# The Canadian Unitarian Council

## Statement of Cash Flows

Year ended December 31

2018

2017

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Increase (decrease) in cash

### Operating

Excess (deficiency) of revenue over expenditures	\$ (668,969)	\$ 694,286
Items not involving cash		
Realized (gain) loss on sale of investments (Note 3)	(34,541)	48,329
Unrealized loss (gain) on investments	<u>523,017</u>	<u>(622,353)</u>
	(180,493)	120,262
Changes in non-cash working capital items		
Accounts receivable	(23,234)	21,360
Prepaid and other	(3,276)	(4,878)
Accounts payable and accrued liabilities	<u>9,996</u>	<u>20,427</u>
	<u>(197,007)</u>	<u>157,171</u>

### Investing

Net proceeds on sale (purchase) of investments	<u>135,781</u>	<u>(21,740)</u>
Net change in cash	(61,226)	135,431
Cash		
Beginning of year	<u>206,251</u>	<u>70,820</u>
End of year	<u>\$ 145,025</u>	<u>\$ 206,251</u>

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See accompanying notes and schedule to the financial statements.

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# The Canadian Unitarian Council

## Notes to the Financial Statements

December 31, 2018

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### 1. Description of organization

The Canadian Unitarian Council (the “Council” or “CUC”) is a registered charity under paragraph 149(1)(f) of the Income Tax Act and is incorporated under the Canadian Not-for-Profit Corporations Act. The Council is an organization of Unitarian and Unitarian Universalist member congregations and individual members acting to enhance, nurture and promote Unitarian and Unitarian Universalist religion in Canada. The Council provides tangible support for religious exploration, spiritual growth, and social responsibility.

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### 2. Summary of significant accounting policies

The Council's financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

#### **Fund accounting**

In order to ensure the observance of the limitations and restrictions placed on the use of resources available to the Council, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by donors or in accordance with the directives issued by the Board of Trustees (“Board”). Transfers between funds are made where allowable when it is considered appropriate and authorized by the Board. For financial statement purposes, the accounts have been classified into three groups:

#### ***General Fund***

This fund contains all unrestricted donations to the Council. It includes the transfer of capital funds received from the Unitarian Universalist Association in 2002. All income from investments is recognized in this fund and allocated to the various trust funds or to the operating budget for the following year.

#### ***Externally Restricted and Endowment Funds***

Externally restricted funds include:

##### Avalon Fund

The grant of money made to the Council by Ed and Elinor Ratcliffe in 2000, the income and capital of which are to be used to foster the vitality and growth of the Avalon Unitarian Universalist Fellowship in St. John's, Newfoundland, or since the Avalon Unitarian Universalist Fellowship has ceased to operate, to support the establishment of a Unitarian Universalist presence in Newfoundland. Fund monies are invested with other Council funds as per the Council's Investment Policy. The fund is protected from inflation by an allocation of a pro-rata share of investment income earned from the general fund each year. Disbursements from the fund are made at the discretion of the Board in accordance with the restrictions indicated above.

# The Canadian Unitarian Council

## Notes to the Financial Statements

December 31, 2018

### 2. Summary of significant accounting policies (continued)

#### Fund accounting (continued)

##### *Externally Restricted and Endowment Funds (continued)*

##### Congregation Investment Funds and Other Trust Funds

Congregation Investment Funds and Other Trust Funds are comprised of the following:

	<u>2018</u>	<u>2017</u>
UC Calgary	\$ 437,800	\$ 467,049
Westwood UC	73,121	78,006
Congregational Investment: UUC North Hatley	50,247	67,647
Dissolved Societies	24,861	24,398
Northern Lights	5,728	5,728
Prairie Women's Gathering	<u>1,506</u>	<u>1,506</u>
	<b>\$ 593,263</b>	<b>\$ 644,334</b>
Made up of the following:		
Congregational Investment Funds	\$ 561,168	\$ 612,704
Other Trust Funds	<u>32,095</u>	<u>31,630</u>
	<b>\$ 593,263</b>	<b>\$ 644,334</b>

Endowment funds include:

##### The Percy Simpson Bailey Fund

According to the wishes of the donor, the principal of the fund is to be kept intact and the income is to be used for the work of the Unitarian Church in Canada, in a manner to be determined from time to time by the Council. In 1990, the Board decided that the fund would be protected from inflation by capitalizing a portion of the income annually and that the balance of the income would be transferred to the Theological Education Fund each year. Fund monies are invested with other Council capital funds as per the Council Investment Policy.

##### Nancy and Victor Knight Fund

In 1996, funds were received for the purpose of establishing a perpetual fund to honour the ideals exemplified by the lives and work of Nancy and Victor Knight in furthering the principles of Unitarianism and Universalism in Canada. An award is to be made annually at the Annual Meeting from the income of the fund to a living person, selected by the Board, who has made a notable contribution to furthering liberal religious principles in Canada. Fund monies are invested with other Council funds as per the Council Investment Policy. The fund is protected from inflation by an allocation of a pro-rata share of investment income earned from the general fund each year.

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# The Canadian Unitarian Council

## Notes to the Financial Statements

December 31, 2018

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### 2. Summary of significant accounting policies (continued)

#### Fund accounting (continued)

##### *Externally Restricted and Endowment Funds (continued)*

###### Internally Restricted Endowment Fund

The 1992 Annual Meeting of the Council approved a campaign to establish an Endowment Fund. Earnings from the fund, after allowing for the protection of the capital base, will be allocated to the operating budget to support the program activities of the Council. Allocation of investment income is calculated on the fund balance at the first day of the year. Periodic bequests to the Council are normally added to this fund.

In addition, contributions to the principal collected during the Growing Forward Campaign cannot be drawn down for at least ten years after the donation of \$1,338,894 (In 2017, the balance was \$1,312,641).

During 2018, the Board of Trustees voted to combine the Endowment Fund and the Growing Forward Campaign into one fund called the General Endowment Fund.

##### *Internally Restricted Funds*

Internally restricted funds are monies received by the Council in full from congregations, individuals or other sources each year, which are designated by the Board for disbursement to other organizations or for specific purposes in the same year. Unexpended monies in any year in any of these disbursement funds are carried over in the same fund to the following year. Tax receipts are issued by the Council for contributions from individuals.

##### **Interfund transfers**

Transfers between funds are required when resources of one fund have been used to finance activities in another fund. Transfers are authorized by the Board of Trustees and are consistent with the obligations of the fund from which the resources are transferred.

##### **Revenue recognition**

The Council follows the restricted fund method of accounting for restricted contributions and donations. As such, contributions, grants and donations which are externally restricted by the donor or internally restricted by the Board are recorded in the appropriate restricted fund in the year received and unrestricted contributions are recognized as revenue of the General Fund.

Annual conference and meeting revenue is recognized on the date of the event. Other income is recognized as earned. Investment income includes dividend and interest income and realized gains (losses) on sale of investments and is recognized as earned.

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# The Canadian Unitarian Council

## Notes to the Financial Statements

December 31, 2018

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### 2. Summary of significant accounting policies (continued)

#### Equipment

It is the policy of the Council to charge equipment acquisitions to current expenditures that are considered insignificant. Total capital expenditures in 2018 amounted to \$2,566 (2017 - \$859). Equipment held by the Council includes furniture and office equipment.

#### Contributed goods and services

Contributed goods are recorded when a fair value can be reasonably estimated and when the goods are used in the normal course of operations and would otherwise have been purchased. Because of the difficulty in determining fair value, contributed services of volunteers are not recognized in these financial statements.

#### Financial instruments

The Council considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Council's financial instruments are comprised of cash, accounts receivable, investments, and accounts payable.

The Council initially measures its financial assets and financial liabilities at fair value. The Council subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value.

Investments are recorded and carried at fair value by reference to published market price quotations. Unrealized gains and losses arising from the change in fair value are recorded in the statement of revenue and expenditures in the year incurred.

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### 3. Investments

	<u>2018</u>	<u>2017</u>
Canadian equities	\$ 4,137,083	\$ 4,704,261
Government and corporate debt instruments	232,000	328,528
US equities	<u>943,703</u>	<u>904,254</u>
	<u>\$ 5,312,786</u>	<u>\$ 5,937,043</u>

Government and corporate debt instruments earn interest at rates between 3.5% to 4.9% (2017 – 3.5% and 4.9%) and have maturities up to December 2021 (2017 – July 2022). It is management's intention to hold investments for the long-term.

Investment income is comprised of:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 197,242	\$ 174,145
Realized gain (loss) on sale of investments	<u>34,541</u>	<u>(48,329)</u>
	<u>\$ 231,783</u>	<u>\$ 125,816</u>

# The Canadian Unitarian Council

## Notes to the Financial Statements

December 31, 2018

### 4. Grant subsidies and expenses

During the year, \$298,048 (2017 - \$127,847) was disbursed for subsidies, growth, training and refugee funds.

### 5. Internally restricted funds

	<u>2018</u>	<u>2017</u>
a) Refugee fund	\$ 68,062	\$ 109,646
b) Projects	8,210	8,210
c) Theological Education Fund	19,335	19,335
d) CanUUdle and Youth Funds	1,404	3,765
e) ICUU and UU-UNO	4,113	16,121
f) Youth and Young Adult Leadership Fund	5,805	5,805
g) EB Radcliffe Leadership Development	8,041	8,041
h) Emerging Congregations	5,452	5,452
i) CU*UL School	3,082	3,082
j) Sharing Our Faith Fund	8,696	2,862
k) CUC Communications Fund	3,511	3,511
l) Lay Chaplaincy Training Fund	5,184	3,626
m) Assisted Dying	100	100
n) CUC UU-UNO Fund	5,114	5,035
o) ACM Funds	373	460
p) CUURE Fees	1,115	1,115
q) Young Adult Initiative	1,590	1,590
	<u>\$ 149,187</u>	<u>\$ 197,756</u>

These funds are described below:

- a) Refugee fund: Council is a Sponsorship Agreement Holder with the Department of Immigration, Refugee and Citizenship Canada, and is responsible for refugee sponsorships undertaken by its congregations. In addition, the CUC occasionally enters into partnerships for refugee sponsorship with other organizations. The Refugee Fund consists of donations and income for the resettlement of newcomers to Canada.
- b) Projects: A group of CUC initiatives started in 1998 for the purpose of Growing Vital Religious Communities in Canada; and remaining funds from a Volunteer Canada grant.
- c) Theological Education Fund: Supports theological education and ministerial students. Income is from the Percy Simpson Bailey Trust, individual gifts, and transfers from the First Unitarian Congregation of Toronto's Rouff-Mackie-Jenkins Trust. Grants are awarded to qualified applicants.
- d) CanUUdle and Youth Funds: Accumulated funds from Youth and Young Adult (Y&YA) event surpluses and donations, including CanUUdle, to be used for future Y&YA events, trainings, and growth.
- e) ICUU and UU-UNO: Tax-receiptable contributions from Canadians to continental or international UU organizations, under specific agreements to further CUC's charitable purposes.

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# The Canadian Unitarian Council

## Notes to the Financial Statements

December 31, 2018

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### 5. Internally Restricted Funds (continued)

- f) Youth and Young Adult Leadership Fund (Support the Dawning Future): funds used to develop leadership skills among youth and young adults. Income is from donations and program funds.
- g) EB Radcliffe Leadership Development: Donations received and held for disbursement as subsidies for individuals to attend various UU events in support of leadership development and learning.
- h) Emerging Congregations: Consists of funds received for emerging groups, and held for this purpose.
- i) CU\*UL School: Accumulated surpluses from previous CU\*UL Schools to cover shortfalls from future sessions; also included are donations to be used as subsidies/scholarships for CU\*UL School.
- j) Sharing Our Faith Fund: Funds from special 'Sharing Our Faith' collections taken up in member congregations, disbursed to selected member congregations who apply for assistance for special projects to assist them to reach a higher level in mission, growth and visibility.
- k) CUC Communications Fund: Funds collected and held for the purpose of growing our communications capabilities through technology.
- l) Lay Chaplaincy Training Fund: Revenue from services performed by UU lay Chaplains is used for the creation and delivery of education, training and professional development programs for Lay Chaplaincy throughout Canada.
- m) Assisted Dying: Donations received for designated purposes: Burundi and Church of the Larger Fellowship.
- n) CUC UU-UNO Fund: Funds collected and held for CUC directed UU-UNO activities by Canadians, including the UU-UNO intern.
- o) ACM funds: Funds from past ACM surplus and donations, held for use for the ACM and ACM related expenses, and international guests.
- p) CUURE Fees: Funds set up in honour of Caroline Balderston Parry, life-long religious educator and author, supports Unitarian Universalist Religious Educators in Canada with professional development, training, education and event attendance. Criteria and grant decisions are made by the CUURE Executive. The Fund is administered by the CUC in support of Religious Educators.
- q) Young Adult Initiative: This began as a one-year pilot project started in late 2016 focused on welcoming and including young adults in UU congregations, to develop new approaches to achieve this. Several congregations are participating in this project.

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# The Canadian Unitarian Council

## Notes to the Financial Statements

December 31, 2018

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### 6. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

#### **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 meet its obligation. The Council's main credit risks relate to its accounts receivable.

This risk is mitigated by the Council through ensuring revenue is derived from qualified sources and providing for an allowance for doubtful accounts when appropriate. At December 31, 2018, the allowance for doubtful accounts in relation to accounts receivable is \$Nil (2017 - \$Nil).

#### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Council is exposed to liquidity risk with respect to its accounts payable.

The Council reduces its exposure to liquidity risk related to accounts payable by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to meet obligations.

Government remittances payable at December 31, 2018 are \$4,277 (2017 - \$Nil).

#### **Currency risk**

Currency risk is the risk arising from the change in price of one currency against another. The Council is exposed to currency risk with respect to its investments held in US equities. To manage this risk, the Council follows an investment policy which requires a diversified portfolio meeting specific requirements.

#### **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 Council is exposed to interest rate risk with respect to investments with fixed interest rates. To manage this risk, the Council follows an investment policy which requires a diversified portfolio meeting specific requirements.

#### **Other price risk**

The Council is exposed to other price risk on its investment in equities quoted in an active market since changes in market prices would result in changes in the fair value of these instruments. To manage this risk, the Council follows an investment policy which requires a diversified portfolio meeting specific requirements.



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# **The Canadian Unitarian Council**

## **Notes to the Financial Statements**

December 31, 2018

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### **7. Budget amounts**

The budget amounts presented in the schedule of the financial statements are for information purposes only. These amounts are not covered by the report of the auditors.

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### **8. Comparative amounts**

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2018 financial statements.

# The Canadian Unitarian Council

## Schedule of Operating Expenses

Year ended December 31

	2018 Budget (Unaudited - Note 7)	<b>2018 Actual</b>	2017 Actual
<b>Staffing</b>			
Salaries, outside services and benefits	\$ 514,660	\$ 457,350	\$ 384,750
Executive Director travel expenses	8,000	7,645	6,168
Professional development	<u>2,500</u>	<u>1,945</u>	<u>300</u>
	<u>\$ 525,160</u>	<u>\$ 466,940</u>	<u>\$ 391,218</u>
Grant subsidies and expenses	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ -</u>
<b>Administration</b>			
Rent and occupancy	\$ 22,900	\$ 24,809	\$ 26,223
Audit and professional services	19,000	32,004	18,863
General and office	3,000	15,855	(4,776)
Equipment rental and maintenance	5,800	7,515	5,631
HST/GST expense	-	5,751	-
Service fee	5,000	4,560	4,836
Computer	1,000	4,098	859
Insurance	3,500	3,323	3,148
Membership & subscriptions	11,000	2,871	-
Telephone and internet	1,000	1,083	981
Postage and courier	1,500	1,070	1,046
Fundraising expense	3,500	358	-
Legal fees	3,000	-	161
Storage	4,740	-	-
Furniture	<u>500</u>	<u>-</u>	<u>-</u>
	<u>\$ 85,440</u>	<u>\$ 103,297</u>	<u>\$ 56,972</u>
<b>Annual conference and meeting</b>			
Food and beverages	\$ 50,000	\$ 52,516	\$ -
Travel meals and accommodation	15,000	13,125	-
General conference	12,000	12,869	2,203
Other	<u>3,000</u>	<u>115</u>	<u>556</u>
	<u>\$ 80,000</u>	<u>\$ 78,625</u>	<u>\$ 2,759</u>
Investment management fees	<u>\$ -</u>	<u>\$ 68,688</u>	<u>\$ 62,162</u>

## The Canadian Unitarian Council Schedule of Operating Expenses (continued)

Year ended December 31

	2018 Budget (Unaudited - Note 7)	<b>2018 Actual</b>	2017 Actual
<b>Congregational services</b>			
Programme delivery	\$ 41,500	\$ 40,339	\$ 41,724
Honorarium	-	13,706	-
Office	2,500	5,528	1,911
Lap chaplain program	-	4,563	-
Travel and professional development	<u>6,000</u>	<u>3,156</u>	<u>7,110</u>
	<u>\$ 50,000</u>	<u>\$ 67,292</u>	<u>\$ 50,745</u>
<b>Media and communications</b>			
Website maintenance	\$ 2,500	\$ 37,486	\$ 20,441
Communication	5,000	16,235	-
Publications	4,500	1,265	-
Media relations	2,500	100	12,601
Canadian Unitarian Council	<u>-</u>	<u>-</u>	<u>4,024</u>
	<u>\$ 14,500</u>	<u>\$ 55,086</u>	<u>\$ 37,066</u>
<b>Board, national committees and task forces</b>			
Board expenses and communications	\$ 19,500	\$ 16,151	\$ 32,536
National programs and initiatives	1,000	3,867	-
Nominating committee	500	28	-
Special projects	<u>-</u>	<u>-</u>	<u>1,767</u>
	<u>\$ 21,000</u>	<u>\$ 20,046</u>	<u>\$ 34,303</u>
<b>Youth and young adult</b>			
Programme delivery	\$ 11,500	\$ 8,150	\$ 7,481
Travel and professional development	3,650	7,766	2,661
Office	<u>1,500</u>	<u>647</u>	<u>1,664</u>
	<u>\$ 16,650</u>	<u>\$ 16,563</u>	<u>\$ 11,806</u>
<b>Program administration</b>			
International	\$ -	\$ 8,766	\$ -
Lay Chaplaincy program and steering committee	3,500	3,088	2,512
Fundraising expense	-	60	-
Shared ministry and travel	1,000	-	373
Affiliations	-	-	4,555
Other programs	<u>13,733</u>	<u>-</u>	<u>-</u>
	<u>\$ 18,233</u>	<u>\$ 11,914</u>	<u>\$ 7,440</u>

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## The Canadian Unitarian Council

### Schedule of Operating Expenses (continued)

Year ended December 31

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	2018 Budget (Unaudited - Note 7)	<b>2018 Actual</b>	2017 Actual
Social responsibility	\$ 8,400	\$ 117	\$ 4,233
Total general fund expenditures	\$ 819,383	\$ 889,318	\$ 658,704