



Financial Statements

The Canadian Unitarian Council

December 31, 2019

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Independent Auditor's Report

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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, 2019, and the statements of revenue and expenditures, changes in net assets 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, 2019, 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 by 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. Our audit opinion on the current year's financial statements is also modified because of the possible effects of this matter on the comparability of the current period's figures and the comparative information.

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.

Grant Thornton LLP

Toronto, Canada
April 20, 2020

Chartered Professional Accountants
Licensed Public Accountants

The Canadian Unitarian Council

Statement of Financial Position

As at December 31

2019

2018

Assets

Current

Cash	\$ 407,043	\$ 189,797
Accounts receivable	11,953	86,076
Prepaid and other	<u>10,470</u>	<u>11,333</u>
	429,466	287,206

Investments (Note 3)	<u>5,711,756</u>	<u>5,268,014</u>
	<u>\$ 6,141,222</u>	<u>\$ 5,555,220</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ <u>40,999</u>	\$ <u>50,764</u>
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Net assets

General Fund	2,843,119	2,243,180
Internally Restricted Funds (Notes 4 and 7)	2,022,661	2,100,136
Externally Restricted Funds (Notes 4 and 7)	1,048,033	999,886
Endowment funds (Notes 4 and 7)	<u>186,410</u>	<u>161,254</u>
	<u>6,100,223</u>	<u>5,504,456</u>
	<u>\$ 6,141,222</u>	<u>\$ 5,555,220</u>

On behalf of the Board of Trustees

Joanne Green Trustee

Margaret Stanli 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	Internally Restricted Fund	Externally Restricted Fund	Endowment Fund	2019 Total	2018 Total
Revenue						
Annual program contributions	\$ 414,647	\$ -	\$ -	\$ -	\$ 414,647	\$ 395,443
Donations	52,577	95,774	12,430	-	160,781	91,634
Grants and donations – refugees	-	-	90,419	-	90,419	935
Grant	-	-	-	-	-	183,776
	467,224	95,774	102,849	-	665,847	671,788
Investment income (Note 3)	168,341	31,914	128,571	25,156	353,982	231,783
Event registration	27,067	-	-	-	27,067	7,158
Miscellaneous	19,497	-	5,744	-	25,241	9,257
Truth, Healing and Reconciliation	2,250	-	-	-	2,250	26,122
Publication	1,251	-	-	-	1,251	-
Annual conference and meeting receipts	-	-	-	-	-	94,556
	<u>685,630</u>	<u>127,688</u>	<u>237,164</u>	<u>25,156</u>	<u>1,075,638</u>	<u>1,040,664</u>
Expenditures (Schedule)						
Staffing	585,865	-	-	-	585,865	484,226
Grant subsidies and expenses – refugees	-	-	136,177	-	136,177	110,415
Grant subsidies and expenses	-	300	52,840	-	53,140	187,633
Administration	93,787	-	-	-	93,787	103,297
Investment management fees	51,991	-	-	-	51,991	68,688
Congregational services	32,737	-	-	-	32,737	54,729
Board, national committees and task forces	26,334	-	-	-	26,334	24,609
Youth and young adult	23,298	-	-	-	23,298	17,563
Program administration	10,794	-	-	-	10,794	11,914
Media and communications	7,531	-	-	-	7,531	37,800
Social responsibility	3,966	-	-	-	3,966	117
Annual conference and meeting	3,218	-	-	-	3,218	85,625
	<u>839,521</u>	<u>300</u>	<u>189,017</u>	<u>-</u>	<u>1,028,838</u>	<u>1,186,616</u>
Excess (deficiency) of revenue over expenditures before undernoted item	(153,891)	127,388	48,147	25,156	46,800	(145,952)
Unrealized gains (losses) on investments	548,967	-	-	-	548,967	(523,017)
Excess (deficiency) of revenue over expenditures	<u>\$ 395,076</u>	<u>\$ 127,388</u>	<u>\$ 48,147</u>	<u>\$ 25,156</u>	<u>\$ 595,767</u>	<u>\$ (668,969)</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	Internally Restricted Fund	Externally Restricted Fund	Endowment Fund	2019 Total	2018 Total
Net assets, beginning of year	\$ 2,243,180	\$ 149,187	\$ 860,997	\$ 2,251,092	\$ 5,504,456	\$ 6,173,425
Prior period adjustment (Note 7)	-	1,950,949	138,889	(2,089,838)	-	-
Net assets, beginning of year, as restated	2,243,180	2,100,136	999,886	161,254	5,504,456	6,173,425
Excess (deficiency) of revenue over expenditures	395,076	127,388	48,147	25,156	595,767	(668,969)
Discretionary income interfund transfer	204,863	(204,863)	-	-	-	-
Net assets, end of year	\$ 2,843,119	\$ 2,022,661	\$ 1,048,033	\$ 186,410	\$ 6,100,223	\$ 5,504,456

See accompanying notes and schedule to the financial statements.

The Canadian Unitarian Council

Statement of Cash Flows

Year ended December 31

2019

2018

Increase (decrease) in cash

Operating

Excess (deficiency) of revenue over expenditures **\$ 595,767** \$ (668,969)

Items not involving cash

Realized gains on sale of investments (Note 3) **(151,986)** (34,541)

Unrealized (gains) losses on investments **(548,967)** 523,017

(105,186) (180,493)

Changes in non-cash working capital items

Accounts receivable **74,123** (23,234)

Prepaid and other **863** (3,276)

Accounts payable and accrued liabilities **(9,765)** 9,996

(39,965) (197,007)

Investing

Net proceeds on sale of investments **257,211** 180,553

Net change in cash **217,246** (16,454)

Cash

Beginning of year **189,797** 206,251

End of year **\$ 407,043** **\$ 189,797**

See accompanying notes and schedule to the financial statements.

The Canadian Unitarian Council

Notes to the Financial Statements

December 31, 2019

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.

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 four 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.

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.

The Internally Restricted Funds include the following funds:

Internally Restricted General 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 \$1,150,165 (2018 - \$1,338,894).

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.

The Canadian Unitarian Council

Notes to the Financial Statements

December 31, 2019

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

Internally Restricted Funds (continued)

Lay Chaplaincy Training Fund

This fund includes revenue internally restricted from services performed by UU lay Chaplains and is used for the creation and delivery of education, training and professional development programs for Lay Chaplaincy throughout Canada.

CUC UU-UNO Fund

This fund includes internally restricted funds collected and held for CUC directed UU-UNO activities by Canadians, including the UU-UNO intern.

Externally Restricted Funds

Externally restricted funds include:

Avalon Fund

The fund includes 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.

Congregation Investment Funds and Other Trust Funds

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

	<u>2019</u>	<u>2018</u>
UC Calgary	\$ 488,970	\$ 432,800
Westwood UC	82,529	73,121
Congregational Investment: UUC North Hatley	58,086	50,247
Dissolved Societies	24,861	24,861
Northern Lights	5,728	5,728
Prairie Women's Gathering	<u>1,506</u>	<u>1,506</u>
	<u>\$ 661,680</u>	<u>\$ 588,263</u>
Made up of the following:		
Congregational Investment Funds	\$ 629,585	\$ 556,168
Other Trust Funds	<u>32,095</u>	<u>32,095</u>
	<u>\$ 661,680</u>	<u>\$ 588,263</u>

The Canadian Unitarian Council

Notes to the Financial Statements

December 31, 2019

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

Externally Restricted Fund (continued)

Refugee Fund

The 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 Council 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.

EB Radcliffe Leadership Development Fund

This fund includes Donations received and held for disbursement as subsidies for individuals to attend various UU events in support of leadership development and learning.

Theological Education Fund

This fund Supports theological education and ministerial students. Income is from the Percy Simpson Bailey Trust, individual gifts, and donations from the First Unitarian Congregation of Toronto's Rouff-Mackie-Jenkins Trust. Grants are awarded to qualified applicants.

Youth and Young Adult Leadership Fund (Support the Dawning Future)

These funds are used to develop leadership skills among youth and young adults. Income is from donations and certain program funds.

Emerging Congregations Fund

This fund includes donations received for emerging groups and held for this purpose.

Sharing Our Faith Fund

This fund accumulates 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.

CUC Communications Fund

This fund encompasses funds collected and held for the purpose of growing our communications capabilities through technology.

CUURE Fees Fund

These funds are restricted in honour of Caroline Balderston Parry, life-long religious educator and author, and 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 CUIC in support of Religions Educators.

ICUU and UU-UNO Fund

This fund consists of contributions from Canadians to continental or international UU organizations, under specific agreements to further CUC's charitable purposes.

The Canadian Unitarian Council

Notes to the Financial Statements

December 31, 2019

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

Endowment Funds

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.

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 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, grants and donations. As such, contributions, grants and donations which are externally restricted by the donor or internally restricted by Council 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 are 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.

Equipment

It is the policy of the Council to charge equipment acquisitions to current expenditures that are considered insignificant. Total capital expenditures in 2019 amounted to \$258 (2018 - \$2,566). 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.

The Canadian Unitarian Council

Notes to the Financial Statements

December 31, 2019

2. Summary of significant accounting policies (continued)

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.

3. Investments

	<u>2019</u>	<u>2018</u>
Canadian equities	\$ 4,311,980	\$ 4,092,311
Government and corporate debt instruments	241,014	232,000
US equities	<u>1,158,762</u>	<u>943,703</u>
	<u>\$ 5,711,756</u>	<u>\$ 5,268,014</u>

Government and corporate debt instruments include index funds and sinking fund debentures. The sinking fund debentures earn interest at rates at 3.5% (2018 – between 3.5% and 4.9%) and has maturities up to December 2021 (2018 – December 2021). It is management's intention to hold investments for the long-term.

Investment income is comprised of:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 201,996	\$ 197,242
Realized gains on sale of investments	<u>151,986</u>	<u>34,541</u>
	<u>\$ 353,982</u>	<u>\$ 231,783</u>

The Canadian Unitarian Council

Notes to the Financial Statements

December 31, 2019

4. Restricted funds

	January 1, 2019	Contributions	Investment Income	Disbursements and Transfers	December 31, 2019
Internally Restricted Funds					
Internally Restricted General Endowment Fund	\$ 2,089,838	\$ 90,000	\$ 31,914	\$ (202,500)	\$ 2,009,252
Lay Chaplaincy Training Fund	5,184	5,744	-	(2,363)	8,565
CUC UU-UNO Fund	<u>5,114</u>	<u>30</u>	<u>-</u>	<u>(300)</u>	<u>4,844</u>
	<u>\$ 2,100,136</u>	<u>\$ 95,774</u>	<u>\$ 31,914</u>	<u>\$ (205,163)</u>	<u>\$ 2,022,661</u>
Externally Restricted Funds					
Avalon Fund	\$ 272,732	\$ -	\$ 42,546	\$ -	\$ 315,278
Congregation Investment Fund	556,170	-	86,025	(12,610)	629,585
Other Trust Funds	32,095	-	-	-	32,095
Refugee Fund	68,062	90,419	-	(136,177)	22,304
ED Radcliffe Leadership Development Fund	15,228	-	-	(1,278)	13,950
Theological Endowment Fund	19,335	2,188	-	(11,000)	10,523
Youth and Young Adult Leadership Fund	13,277	1,575	-	(7,005)	7,847
Emerging Congregations	5,452	-	-	-	5,452
Sharing Out Faith Fund	8,696	9,314	-	(14,985)	3,025
CUC Communications Fund	3,511	-	-	-	3,511
CUURE Fees	1,115	174	-	-	1,289
ICUU and UU UNO	<u>4,213</u>	<u>4,923</u>	<u>-</u>	<u>(5,962)</u>	<u>3,174</u>
	<u>\$ 999,886</u>	<u>\$ 108,593</u>	<u>\$ 128,571</u>	<u>\$ (189,017)</u>	<u>\$ 1,048,033</u>
Endowment Funds					
The Percy Simpson Bailey Endowment Fund	\$ 153,195	\$ -	\$ 23,899	\$ -	\$ 177,094
Nancy and Victor Knight Endowment Fund	<u>8,059</u>	<u>-</u>	<u>1,257</u>	<u>-</u>	<u>9,316</u>
	<u>\$ 161,254</u>	<u>\$ -</u>	<u>\$ 25,156</u>	<u>\$ -</u>	<u>\$ 186,410</u>

The Canadian Unitarian Council

Notes to the Financial Statements

December 31, 2019

5. 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, 2019, the allowance for doubtful accounts in relation to accounts receivable is \$Nil (2018 - \$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, 2019 are \$Nil (2018 - \$4,277).

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.

The Canadian Unitarian Council

Notes to the Financial Statements

December 31, 2019

6. 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.

7. Prior period adjustment

During the year, the Council determined that an amount of \$138,889 was misclassified as internally restricted in the Internally Restricted Funds rather than in the Externally Restricted Funds consistent with the nature of the funds. In addition, the internally restricted endowment fund was misclassified as an endowment in the Endowment Funds rather than in the Internally Restricted Funds consistent with the nature of the fund. As a result, as at December 31, 2018, the balances in the Internally Restricted Funds increased by \$1,950,949 from \$149,187 to \$2,100,136, the Externally Restricted Funds increased by \$138,889 from \$860,997 to \$999,886 and the Endowment Funds decreased by \$2,089,838 from \$2,251,092 to \$161,254. There was no impact on the total excess (deficiency) of revenue over expenditures as a result of these adjustments in the prior period.

8. Subsequent event

Since January 1, 2020, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Organization has determined that this event is a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

9. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.

The Canadian Unitarian Council

Schedule of Operating Expenses

Year ended December 31

	2019 Budget (Unaudited - Note 6)	2019 Actual	2018 Actual
Staffing			
Salaries, outside services and benefits	\$ 510,760	\$ 512,387	\$ 421,766
Contractors	34,000	50,344	53,103
Executive Director, office, general, International and travel expenses	5,000	22,834	7,411
Professional development	<u>1,500</u>	<u>300</u>	<u>1,946</u>
	<u>\$ 551,260</u>	<u>\$ 585,865</u>	<u>\$ 484,226</u>
 Grant subsidies and expenses	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 750</u>
Administration			
Audit and professional services	\$ 23,000	\$ 24,348	\$ 32,004
Rent and occupancy	21,300	18,922	24,809
General and office	2,000	16,245	15,855
Membership & subscriptions	10,000	10,922	2,871
Service fee	3,500	5,010	4,560
Equipment rental and maintenance	3,600	4,995	7,515
Storage	4,500	4,951	-
Insurance	3,500	3,181	3,323
HST/GST expense	-	2,338	5,751
Telephone and internet	350	1,592	1,083
Postage and courier	1,600	1,013	1,070
Furniture	500	221	-
Computer	1,000	38	4,098
Fundraising expense	<u>500</u>	<u>11</u>	<u>358</u>
	<u>\$ 75,350</u>	<u>\$ 93,787</u>	<u>\$ 103,297</u>
 Investment management fees	 <u>\$ -</u>	 <u>\$ 51,991</u>	 <u>\$ 68,688</u>
Congregational services			
Programme delivery	\$ 31,300	\$ 30,678	\$ 40,339
Office	1,730	1,648	5,528
Travel and professional development	2,300	411	6,362
Honorarium	<u>-</u>	<u>-</u>	<u>2,500</u>
	<u>\$ 35,330</u>	<u>\$ 32,737</u>	<u>\$ 54,729</u>

The Canadian Unitarian Council

Schedule of Operating Expenses (continued)

Year ended December 31

	2019 Budget (Unaudited - Note 6)	2019 Actual	2018 Actual
Board, national committees and task forces			
Board expenses and communications	\$ 8,500	\$ 14,629	\$ 16,151
Lap chaplain program	4,500	6,863	4,563
Truth, healing and reconciliation	10,926	2,478	-
National programs and initiatives	1,000	2,364	3,867
Nominating committee	100	-	28
Others	2,000	-	-
	<u>\$ 27,026</u>	<u>\$ 26,334</u>	<u>\$ 24,609</u>
Youth and young adult			
Programme delivery	\$ 11,800	\$ 16,415	\$ 9,150
Travel and professional development	3,500	3,828	7,766
Office	2,200	3,055	647
	<u>\$ 17,500</u>	<u>\$ 23,298</u>	<u>\$ 17,563</u>
Program administration			
International	\$ 1,500	\$ 10,794	\$ 8,766
Lay Chaplaincy program and steering committee	-	-	3,088
Fundraising expense	-	-	60
	<u>\$ 1,500</u>	<u>\$ 10,794</u>	<u>\$ 11,914</u>
Media and communications			
Communication	\$ 4,800	\$ 3,826	\$ 16,235
Media relations	1,500	1,565	100
General	2,000	1,504	-
Website maintenance	1,500	636	20,200
Publications	200	-	1,265
	<u>\$ 10,000</u>	<u>\$ 7,531</u>	<u>\$ 37,800</u>
Social responsibility			
	<u>\$ 4,500</u>	<u>\$ 3,966</u>	<u>\$ 117</u>

The Canadian Unitarian Council

Schedule of Operating Expenses (continued)

Year ended December 31

	2019 Budget (Unaudited - Note 6)	2019 Actual	2018 Actual
Annual conference and meeting			
Travel meals and accommodation	\$ -	\$ 1,898	\$ 13,125
General conference	2,500	896	19,869
Food and beverages	700	424	52,516
Other	300	-	115
	<u>\$ 3,500</u>	<u>\$ 3,218</u>	<u>\$ 85,625</u>
 Total general fund expenditures	 <u>\$ 725,966</u>	 <u>\$ 839,521</u>	 <u>\$ 889,318</u>