

Treasurer's Report
for
First Presbyterian Church's
2023
Annual General Meeting



March 16, 2023

Dear Congregation of First Presbyterian Church:

Attached you will find the 2022 financial statements. I would like to thank all of those who have assisted me in preparing the financial statements, including the Board of Managers, Session, and our contract bookkeeper, Darren Milke.

The Board of Managers contracted Richard Anderson to perform an external review of the 2022 financial statements. Richard has experience as Treasurer in other organizations, including within the Presbyterian Church in Canada, and his review provides a level of assurance that the contents of the financial statements are accurate. He has provided a letter which is included in this package.

The financial statements consist of a Statement of Financial Position (commonly known as a “balance sheet”) and applicable notes and a Statement of Operations, as well as two supporting schedules.

I have three points to make regarding the Statement of Financial Position (p. 1). First, our cash position remains strong with over \$200,000, much of which is earning high interest. However, in 2023 we expect significant cash expenses, including related to the arrival of our sponsored refugees, and a need to pay back the Government of Canada \$40,000 (more below). Second, the market value of our investment portfolio declined by 12% or approximately \$150,000 (vs. 9% increase in 2021), contributing to a large consolidated deficit (more below). Third, our liabilities decreased due to paying off the outstanding balance of our 2015 west window restoration loan, a decision made at the annual meeting in 2022. Our remaining financial liabilities include the \$60,000 loan from the Government of Canada, which is explained in note 4 (p. 2); \$40,000 of this loan is due to be paid in 2023.

The Statement of Operations (p. 3) is divided between unrestricted (i.e., not designated for specific purposes) and restricted (i.e., designated for specific purposes either by donors or by Session). The Statement of Operations also includes a column totalling revenue and expenses, as well as 2021 amounts for comparison purposes. For 2022, we show a small unrestricted deficit (\$10,828). On a consolidated basis we have a 2022 deficit of over \$128,000 as a result of the decrease in our investments value. The deficit results in a decrease in the value of the Memorial Fund.

The Memorial Fund and other funds are presented on Schedule 1 (p. 4). On this schedule you can see the activity of all our funds throughout the year, with footnotes explaining the most notable items. All funds other than the Memorial Fund increased in value in 2022.

Finally, Schedule 2 (pp. 5-6) presents expenses in more detail. These details are provided for purposes of transparency and comparison with prior year.

As always, if you have questions about the 2022 financial statements, feel free to reach out to me at treasurer@firstpresbyterian.ca.

Respectfully,

(original signed by)

Javed Sommers, CPA, CMA
Treasurer, First Presbyterian Church (Edmonton)

March 14, 2023

To: The Congregation of First Presbyterian Church

I have reviewed the Statement of Financial Position and related notes, and the Schedule of Restricted Net Assets of The First Presbyterian Church as at December 31, 2022.

My review included, but was not limited to:

- Reviewing reconciled receipts and disbursements with bank deposits and bank balances, and found the balances displayed correctly, presented fairly, with proper procedures, and records properly kept,
- Spot check weekly offering envelopes and summary sheets to bank and accounting records
- Testing reasonableness of income and expenses
- Reviewing the related Statement of Operations and Detailed Expenses Schedule for the year then ended.

Based on my review I believe that the Financial Statements referred to above present fairly the position of the First Presbyterian Church congregation as at December 31, 2022 and the results of its operations for the year then ended.



Richard Anderson

Statement of Financial Position

As at December 31, 2022

	<u>2022</u>	<u>2021</u>
Assets		
Current		
Cash	\$ 219,971	\$ 266,062
Investments (note 1)	1,094,869	1,247,941
Receivables	1,662	2,560
Prepaid expenses	1,085	427
	<u>1,317,586</u>	<u>1,516,989</u>
Long term		
Ministerial mortgage receivable	45,000	45,000
Capital assets (note 2)	9,842,498	9,842,498
	<u>9,887,498</u>	<u>9,887,498</u>
Total assets	<u>11,205,085</u>	<u>11,404,488</u>
Liabilities		
Current		
Current portion of long term debt	-	6,668
Other current liabilities (note 4)	63,633	60,094
	<u>63,633</u>	<u>66,762</u>
Long term		
Long term debt (note 3)	-	68,000
	<u>-</u>	<u>68,000</u>
Total liabilities	<u>63,633</u>	<u>134,762</u>
Net assets		
Unrestricted	3,676	25,237
Restricted net assets (schedule 1)	1,295,277	1,401,991
Invested in capital assets	9,842,498	9,842,498
	<u>11,141,452</u>	<u>11,269,726</u>
	<u>\$ 11,205,085</u>	<u>\$ 11,404,488</u>

Notes to the Statement of Financial Position

Note 1: Investments

	2022		2021	
	<u>Book value</u>	<u>Market value</u>	<u>Book value</u>	<u>Market value</u>
Presbyterian Church in Canada investments	\$ 619,882	\$ 534,405	\$ 589,729	\$ 622,480
Scotiabank mutual funds	598,547	560,464	582,922	625,461
	<u>\$ 1,218,429</u>	<u>\$ 1,094,869</u>	<u>\$ 1,172,650</u>	<u>\$ 1,247,941</u>

Note 2: Capital assets

	2022	2021
Land	\$ 1,440,000	\$ 1,440,000
Building	7,803,677	7,803,677
Pipe organ	500,000	500,000
Grand pianos	60,000	60,000
Office equipment	29,502	29,502
Handbells	9,320	9,320
	<u>\$ 9,842,498</u>	<u>\$ 9,842,498</u>

Note 3: Long term debt (borrowed in 2015 for west window restoration; repaid in full in 2022)

	2022	2021
Presbyterian Church in Canada loan	\$ -	\$ 74,668
Current portion of long term debt (payable in one year)	-	(6,668)
Long term debt	<u>\$ -</u>	<u>\$ 68,000</u>

Note 4: Canada Emergency Business Account (CEBA)

In 2021, the church borrowed \$60,000 from the Government of Canada via CEBA. This loan is interest free until Dec 31, 2023 (was originally Dec 31, 2022), and \$20,000 is forgivable if repayment of the remainder (\$40,000) occurs prior to Dec 31, 2023. Upon repayment of the \$40,000, \$20,000 will be recognized as revenue.

Statement of Operations
For the Year Ending December 31, 2022

	2022		Total	2021
	Unrestricted	Restricted¹		Total
Revenue				
Donations ²	\$ 190,475	\$ 62,188	\$ 252,662	\$ 267,134
Presbyterians Sharing donations	11,018	-	11,018	8,152
Parking lot rent	78,720	10,200	88,920	88,920
Facility rent	44,115	-	44,115	26,265
Government grants	-	12,310	12,310	45,181
	<u>324,327</u>	<u>84,698</u>	<u>409,025</u>	<u>435,652</u>
Expenses				
Board of Managers	177,444	33,775	211,219	227,811
Session	118,540	14,760	133,300	123,541
Music Committee	36,539	537	37,077	37,662
Nurture Committee	5,530	-	5,530	6,502
Care Committee	818	-	818	130
Communications Committee	-	-	-	-
	<u>338,871</u>	<u>49,072</u>	<u>387,943</u>	<u>395,647</u>
Excess (deficiency) of revenue over expenses from operations	<u>(14,544)</u>	<u>35,625</u>	<u>21,082</u>	<u>40,005</u>
Investment income (loss)³	<u>3,716</u>	<u>(153,072)</u>	<u>(149,356)</u>	<u>107,928</u>
Excess (deficiency) of revenue over expenses	<u>\$ (10,828)</u>	<u>\$ (117,446)</u>	<u>\$ (128,274)</u>	<u>\$ 147,933</u>

¹ See Schedule 1

² Session has a policy of noting irregular, individual, unrestricted donations greater than \$1,000; for 2022, unrestricted donations meeting this criteria totaled approximately \$10,000.

³ Investment income (loss) is inclusive of interest, dividends, and un/realized capital gains (losses). All of this income (loss) is included in the Memorial Fund (see Schedule 1) except for interest earned on operating accounts.

Schedule 1: Restricted Net Assets (Funds)

For the Year Ending December 31, 2022

Fund	Beginning of	Mid-year	Investment			Expenses	End of Year
	Year	transfers ¹	Donations	income (loss)	Other income		
Memorial ²	\$ 1,237,643	\$ (4,095)	\$ 47,858	\$ (153,072)	\$ -	\$ (5,105)	\$ 1,123,229
Parking Lot	21,647	-	-	-	10,200	(8,386)	23,460
Olive Moore Education	8,450	-	139	-	-	-	8,589
Lloyd Fourney Refugee	27,293	-	65	-	-	-	27,358
Mary Giesbrecht Music	50,870	-	2,385	-	-	(537)	52,717
Ladies Aid	10,160	-	398	-	-	-	10,558
Community Dinner	2,727	-	500	-	-	-	3,227
Canada Youth Conference	4,143	-	-	-	-	-	4,143
History and Archives	197	-	15	-	-	-	212
Humanitarian Relief Fund	-	4,828	4,828	-	-	(9,656)	-
Building ³	38,863	10,000	6,000	-	12,310	(25,388)	41,784
	<u>\$ 1,401,991</u>	<u>\$ 10,733</u>	<u>\$ 62,188</u>	<u>\$ (153,072)</u>	<u>\$ 22,510</u>	<u>\$ (49,072)</u>	<u>\$ 1,295,277</u>

¹Transfers include: \$10,000 from Memorial to Building; \$4,828 from Memorial to Humanitarian Relief (matching contribution); \$10,732.52 to Memorial from 2021 unrestricted surplus.

²Memorial Fund donations includes a \$39,612.58 bequest from Thomas Barker; expenses include thermostat for the boiler.

³Building Fund other income is "Historic Resource Conservation Grant" from the Province of Alberta; expenses include ceiling/interior wall restoration; exterior window and masonry restoration; fire panel upgrade.

Schedule 2: Detailed Expenses
For the Year Ending December 31, 2022

	2022		2021	
	<u>Unrestricted</u>	<u>Restricted¹</u>	<u>Unrestricted</u>	<u>Restricted</u>
Board of Managers				
Custodial services and supplies	\$ 40,452	\$ -	\$ 40,467	\$ -
Telephone and utilities	41,780	-	26,970	-
Insurance	19,104	-	14,438	-
Bookkeeping	12,550	-	10,800	-
Employee benefits and payroll taxes	25,090	-	29,461	-
Building maintenance and security	28,067	-	30,440	-
Building restoration	-	25,388	-	34,044
Parking lot maintenance	-	8,386	-	32,456
Non-recoverable GST	3,138	-	2,353	1,716
Office and ministry supplies	6,756	-	4,154	-
Interest and bank charges	507	-	512	-
	<u>177,444</u>	<u>33,775</u>	<u>159,595</u>	<u>68,216</u>
Session				
Minister salary and benefits	97,071	-	95,120	-
Presbyterians sharing	12,000	-	12,000	-
Presbytery dues	6,144	-	10,813	-
Pulpit supply	1,470	-	540	-
Broadcast technician	1,855	-	195	-
Humanitarian Relief	-	9,656	-	-
Memorial	-	5,105	-	4,873
	<u>118,540</u>	<u>14,760</u>	<u>118,668</u>	<u>4,873</u>
Music Committee				
Directors	30,000	-	30,000	-
Assistant Director	-	-	2,200	-
Section leads/soloists	4,995	-	4,795	-
Instrument tuning/repairs	1,170	-	450	-
Music supplies	374	537	217	-
	<u>36,539</u>	<u>537</u>	<u>37,662</u>	<u>-</u>

¹See Schedule 1

Schedule 2: Detailed Expenses (cont'd)
For the Year Ending December 31, 2022

Nurture Committee

Assistant Church School director(s)	3,000	-	3,000	-
Halls	2,520	-	2,520	-
History & Archives	10	-	82	-
Refugees	-	-	-	900
	<u>5,530</u>	<u>-</u>	<u>5,602</u>	<u>900</u>

Care Committee

Hospitality and flowers	818	-	130	-
Community dinners	-	-	-	-
	<u>818</u>	<u>-</u>	<u>130</u>	<u>-</u>

Communications Committee

Advertising	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Total expenses

	<u><u>\$ 338,871</u></u>	<u><u>\$ 49,072</u></u>	<u><u>\$ 321,657</u></u>	<u><u>\$ 73,989</u></u>
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March 16, 2023

Dear Congregation of First Presbyterian Church:

Attached you will find the budget as drafted for 2023.

As with the financial statements, the budget is prepared by me but represents the work of many others, including the Board of Managers, the Session, committee chairs, and our contract bookkeeper, Darren Milke. I would like to thank them for their work.

We are budgeting unrestricted revenue (p. 1) at roughly the level we received in 2022, for a total of approximately \$313,500.

Operating expenses (pp. 1-3) are generally based on prior year actuals, but we are estimating some significant increases for 2023, especially higher utilities (heating expenses have doubled compared to one year ago).

In the lower portion of the budget (p. 3), I am presenting some revenue and expenses information for certain funds. The most significant expense (\$20,000) shown here is related to west entrance gates, which were discussed at the 2022 annual meeting.

Note that Refugee Fund expenses are *not* shown here. A budget for these expenses is being shared separately and is likely to include expenses beyond the 2023 year.

As presented, the budget will result in a 2023 operating deficit of approximately \$65,000, and consolidated deficit of approximately \$83,000. Note that these amounts do not include any budget for gains (losses) from investments, which have proven very difficult to predict over the last few years.

If you have questions about the 2023 budget, feel free to contact me at treasurer@firstpresbyterian.ca.

Respectfully,

(original signed by)

Javed Sommers, CPA, CMA
Treasurer, First Presbyterian Church (Edmonton)

Ordinary Income/Expense	2022 budget	2023 budget
Income		
4000 OPERATING FUND RECEIPTS		
4009 Envelopes	\$ 140,000	\$ 135,000
4011 PAR Offering	44,100	50,100
4020 Open Plate	5,200	5,700
4050 Facility Use- exclude ATCO	20,000	33,000
4052 Apartment Rental (Rental from Sexton Apartment)	10,800	10,800
Total 4000 OPERATING FUND RECEIPTS	220,100	234,600
4130 Parking Lot Rental (operating portion)	78,720	78,720
4146 Initial Offering (Donations for Offering Envelopes)	325	200
Total Operating Income	299,145	313,520
Expenses		
4090 BOARD OF MANAGERS		
4091 Bldg, Parking Maintenance		
5301 Bldg, Mechanical Repairs (incl equip/furn acq)	16,500	10,000
5309 Security	5,000	5,000
5317 Insurance	19,111	21,284
5321 Janitorial Supplies	1,000	1,000
Live-in Caretaker	10,800	10,800
Contract Services	8,000	8,000
5325 Personnel - Bldg	39,300	39,300
Total 4091 Bldg, Parking Maintenance	99,711	95,384
5000 Administration		
5205 Bank Charges	700	700
5217 GST Paid	3,000	3,000
5229 Office Supplies	500	500
5241 Personnel - Admin	10,800	10,800
5245 Photocopying	3,600	3,600
5270 Misc Admin Expenses (external financial review)	3,000	3,000
Information Technology	1,000	1,000
5253 Postage/Cartage	250	250
5265 Printing	150	150
5513 Ministry Expense - other	350	350
5610 Congregational Envelopes	500	500
Total 5000 Administration	23,850	23,850
5329 Utilities		
Direct Energy (Heat)	20,268	40,428
EPCOR (power & water)	11,000	15,000
SHAW	800	2,268
TELUS	2,300	2,545
Total 5329 Utilities	34,368	60,241
5400 Employee Benefits		
5401 CPP - Church	3,500	3,754
5405 EI - Church	2,800	2,544
5417 WCB - Church	1,500	1,500
5505 Minister - Health & Dental	4,684	4,918
5510 Church - PCC Pension (Church Contribution)	13,816	12,494
Total 5400 Employee Benefits	26,300	25,211
Total 4090 BOARD OF MANAGERS	184,229	204,685

COMMITTEES**CARE COMMITTEE**

5529 Hospitality	750	750
Total CARE COMMITTEE	<u>750</u>	<u>750</u>

POLICY AND PLANNING COMMITTEE

Advertising	5,000	5,000
Total POLICY AND PLANNING COMMITTEE	<u>5,000</u>	<u>5,000</u>

NURTURE COMMITTEE**Halls**

Administration	500	
Coordinator	2,520	3,000
Church School & Youth		
Bible Study	300	300
5540 Director CE&Y	5,500	10,000
5541 Ass't Director CE&Y	3,000	0
5542 Church School Library	300	
5543 Church School Supplies	900	1,000
Church School & Youth - Other	1,900	
Total Church School & Youth	<u>11,900</u>	<u>11,300</u>
History & Archives	1,000	1,000
Total NURTURE COMMITTEE	<u>15,920</u>	<u>15,300</u>

SESSION

5290 Presbytery Dues	6,144	894
Presbyterian Sharing		
52300 PCC Allocation Expense	12,000	12,000
52301 Pres. Sharing Donations	-6,000	-6,000
52302 PAR Pres Share Donations	-6,000	-6,000
Total Presbyterian Sharing	<u>-</u>	<u>-</u>
Benevolence	0	500
Worship		
5501 Minister - Stipend	64,460	68,456
5502 Minister-Living Allowance	26,418	28,056
5503 Minister-Travel Allowance	6,000	6,000
5504 Minister - Cell Phone	900	900
5507 Minister - Study Leave	2,283	3,283
5511 Ministry - Pulpit Supply	2,200	2,200
Student	700	700
5530 Sanctuary Arrangements (flw fd/seasonal)	0	0
Broadcast technician	1,800	1,800
Total Worship	<u>104,761</u>	<u>111,395</u>
Total SESSION	<u>110,905</u>	<u>112,790</u>

WORSHIP MUSIC		
Hand Bell Choir		
Music	250	0
Bell repairs	300	100
Total Hand Bell Choir	<u>550</u>	<u>100</u>
Music Supplies & Licencing		
5525 Music & Supplies	900	0
5527 Organ Tuning & Repairs	750	0
Piano tuning and moving	1,000	500
Total Music Supplies & Licencing	<u>2,650</u>	<u>500</u>
Musicians, scholars, leads		
5521 Music Director(s)	30,000	32,000
5521 Assistant Music Director(s)	4,400	2,200
5523 Section Leads	5,600	5,000
Organ Scholars	2,160	800
Soloists	500	0
Total Musicians, scholars, leads	<u>42,660</u>	<u>40,000</u>
Total WORSHIP MUSIC	<u>45,860</u>	<u>40,600</u>
Total COMMITTEES	<u>178,435</u>	<u>174,440</u>
Total Expense	<u>362,664</u>	<u>379,125</u>
Net Ordinary Income (Deficit)	<u>(63,519)</u>	<u>(65,605)</u>
Select Fund Revenue and Expenses		
Building Fund		
Revenue (donations)		6,000
Revenue (transfer from Memorial Fund)	10,000	10,000
Expenses (west entrance gates and/or fence)		20,000
Expenses (windows)	10,000	
Expenses (radiators repairs)	5,000	5,000
Expenses (stairway painting)	1,000	
Expenses (fire panel upgrade)	6,285	
	<u>(12,285)</u>	<u>(9,000)</u>
Parking Lot Fund		
Revenue (parking lot rental, fund portion)	10,200	10,200
Expenses (snow removal, etc.)	9,000	9,000
	<u>1,200</u>	<u>1,200</u>
Memorial Fund		
Expenses (transfer to Building Fund)	10,000	10,000
	<u>(10,000)</u>	<u>(10,000)</u>
Consolidated surplus (deficit) (Ordinary and Fund)	<u>\$ (84,604)</u>	<u>\$ (83,405)</u>