

COPY

CHINESE PRESBYTERIAN CHURCH

**FINANCIAL STATEMENTS
(UNAUDITED)**

FOR THE YEAR ENDED DECEMBER 31, 2017

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REVIEW ENGAGEMENT REPORT

**To The Members of
 Chinese Presbyterian Church**

We have reviewed the accompanying financial statements of Chinese Presbyterian Church that comprise the balance sheet as at December 31, 2017 statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Chinese Presbyterian Church as at December 31, 2017, and the results of its operations and its cash flows for the year the ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Hedden Chong LLP

March 6, 2018
104 - 3989 Henning Drive, Burnaby, BC

CHARTERED PROFESSIONAL ACCOUNTANTS

CHINESE PRESBYTERIAN CHURCH
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

(UNAUDITED)

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | 340,320 | 265,908 |
| Term deposits | - | 100,578 |
| Short-term investments | 2,203,510 | 2,079,380 |
| Accounts receivable | 16,856 | 7,718 |
| GST/HST receivable | 3,622 | 1,713 |
| Prepaid expenses | 2,630 | - |
| Notes receivable (Note 4) | 7,000 | - |
| | 2,573,938 | 2,455,297 |
| PROPERTY HELD FOR SALE (Note 5) | 1,180,471 | 1,180,471 |
| PROPERTY AND EQUIPMENT (Note 6) | 419,090 | 439,023 |
| | 4,173,499 | 4,074,791 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | 8,919 | 7,169 |
| Deferred revenue | 94,901 | 135,826 |
| | 103,820 | 142,995 |
| NET ASSETS | | |
| UNRESTRICTED FUNDS | | |
| Congregation fund | 1,765,167 | 1,765,167 |
| Designated fund | 225,639 | 196,378 |
| | 1,990,806 | 1,961,545 |
| RESTRICTED FUNDS | | |
| Designated fund | 1,022,810 | 914,188 |
| Endowment fund | 257,000 | 257,000 |
| Manse fund | 799,063 | 799,063 |
| | 2,078,873 | 1,970,251 |
| | 4,069,679 | 3,931,796 |
| | 4,173,499 | 4,074,791 |

APPROVED BY:

CLERK OF SESSION:

BOARD OF MANAGERS CHAIR:

(The accompanying notes form an integral part of these financial statements)

CHINESE PRESBYTERIAN CHURCH

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017

(UNAUDITED)

| | Unrestricted Congregation Fund | Unrestricted Designated Fund | Restricted Designated Fund | Restricted Endowment Fund | Restricted Manse Fund | Total \$ |
|-------------------------------|--------------------------------------|------------------------------------|----------------------------------|---------------------------------|-----------------------------|-------------|
| NET ASSETS, December 31, 2015 | 1,765,167 | 337,093 | 292,427 | 257,000 | 799,063 | 3,450,750 |
| Excess revenue over expenses | 57,457 | - | - | - | - | 57,457 |
| Contributions | - | 3,800 | 710,930 | - | - | 714,730 |
| Disbursements | - | (201,972) | (89,169) | - | - | (291,141) |
| Inter-fund transfers | (57,457) | 57,457 | - | - | - | - |
| NET ASSETS, December 31, 2016 | 1,765,167 | 196,378 | 914,188 | 257,000 | 799,063 | 3,931,796 |
| Excess revenue over expenses | 27,261 | - | - | - | - | 27,261 |
| Contributions | - | 3,500 | 176,884 | - | - | 180,384 |
| Disbursements | - | (1,500) | (68,262) | - | - | (69,762) |
| Inter-fund transfers | (27,261) | 27,261 | - | - | - | - |
| NET ASSETS, December 31, 2017 | 1,765,167 | 225,639 | 1,022,810 | 257,000 | 799,063 | 4,069,679 |

(The accompanying notes form an integral part of these financial statements)

CHINESE PRESBYTERIAN CHURCH

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

(UNAUDITED)

| | 2017 | 2016 |
|---|----------------|----------------|
| | \$ | \$ |
| REVENUE | | |
| General receipts | 211,898 | 200,028 |
| Designated receipts | 180,394 | 556,571 |
| Grant receipts | 10,791 | 10,554 |
| Education (Note 8) | 75,168 | 98,660 |
| Net income from properties (Note 9) | 28,042 | 20,414 |
| Interest | 35,902 | 18,523 |
| | 542,195 | 904,750 |
| EXPENSES | | |
| Building, grounds & others | 75,855 | 73,073 |
| Church programs | 16,261 | 23,977 |
| Designated transfers | 205,223 | 574,913 |
| Minister's office expenses | 210,346 | 208,206 |
| Missions | 27,504 | 31,868 |
| | 535,189 | 912,037 |
| EXCESS (DEFICIENCY) OF REVENUE BEFORE OTHER EXPENSE (INCOME) | 7,006 | (7,287) |
| OTHER INCOME (EXPENSE) | | |
| Gain on disposal of investments | 411 | - |
| Unrealized gain (loss) on investments | (7,417) | 7,287 |
| | (7,006) | 7,287 |
| EXCESS OF REVENUE OVER EXPENSES | - | - |

(The accompanying notes form an integral part of these financial statements)

CHINESE PRESBYTERIAN CHURCH

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

(UNAUDITED)

| | 2017 | 2016 |
|---|-------------|-------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the year | - | - |
| NON CASH ITEM | | |
| Amortization | 19,933 | 28,158 |
| Unrealized loss (gain) on investments | 7,417 | (7,287) |
| | 27,350 | 20,871 |
| CHANGES IN NON-CASH WORKING CAPITAL | | |
| Short-term investments | (131,547) | (609,008) |
| Accounts receivable | (9,137) | 6,618 |
| Notes receivable | (7,000) | - |
| Prepaid expenses | (2,630) | - |
| Accounts payable and accrued liabilities | 1,750 | (1,178) |
| Deferred remuneration | (40,925) | (31,581) |
| GST/HST receivable | (1,910) | 554 |
| | (164,049) | (613,724) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Designated fund received net of disbursements | 137,883 | 481,046 |
| DECREASE IN CASH | (26,166) | (132,678) |
| CASH, beginning of year | 366,486 | 499,164 |
| CASH, end of year | 340,320 | 366,486 |
| CASH, CONSISTS OF: | | |
| Cash | 340,320 | 265,908 |
| Term deposits | - | 100,578 |
| | 340,320 | 366,486 |

(The accompanying notes form an integral part of these financial statements)

CHINESE PRESBYTERIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

(UNAUDITED)

1. PURPOSE OF ORGANIZATION

The purpose of the Church is to provide a place to hold worship services, and to provide ministries for women, men, youth and children, preschool and pastoral care to those in need.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial statements have been prepared in accordance with generally accepted accounting principles summarized as follows:

FUND METHOD ACCOUNTING

The Church follows fund method of accounting.

The Congregation Fund accounts for the assets, capital, receipts, and expenditures of the Church's operations excluding its trust liabilities.

The Unrestricted Designated Fund accounts for funds that have come to the Church through donations, bequests and by allocation from the Congregation Fund. They are internally reserved for specific purposes.

The Restricted Designated Fund accounts for funds reserved for building a new church.

The Endowment Fund accounts for donations and bequests reserved for specific purposes. The unexpended income may be allocation to the Congregation Fund.

The Manse Fund accounts for the fund from sale of the Manse after paying off all the related expenses. It is internally reserved for purchasing a new manse in the future, or the capital is reserved to earn interest, of which the interest can be used for minister's living allowance. Any use of the manse fund capital or access of the interest requires approval of the Presbytery.

FINANCIAL INSTRUMENTS

The financial instruments of the Church consists mainly cash, accounts receivable, accounts payable and accrued liabilities.

The fair value of the Church's cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the relatively short periods to maturity.

The Church has elected not to disclose fair value information about financial assets and liabilities for which fair value was not readily available.

CHINESE PRESBYTERIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

(UNAUDITED)

3. SIGNIFICANT ACCOUNTING POLICY (Continued)

SHORT-TERM INVESTMENTS

Short-term investments, consisting of short term notes, fixed income funds and shares of publicly traded companies, are measured at fair value. Changes in fair value are recognized in net income in the period incurred.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost with depreciation and amortization provided as follows:

| | <u>Rate</u> | <u>Method</u> |
|-------------------------|-------------|---------------|
| Buildings | 30 years | Straight-line |
| Furniture and equipment | 15 years | Straight-line |

In the year of acquisition only one-half the normal rate is applied.

REVENUE RECOGNITION

Revenue from sales and service transactions are recognized when the requirements as to performance are satisfied, provided that at the time of performance ultimate collection is reasonably assured.

MEASUREMENT UNCERTAINTY

The preparation of financial statements, in accordance with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they became known.

4. NOTES RECEIVABLE

The Church advanced \$7,000 to a former youth minister for his education. The advances bear interest at 4% per annum. The interest and advances are to be repaid on or before February 19, 2020.

5. PROPERTY HELD FOR SALE

During the year, the Church signed an agreement to sell its lands and premises located at 6435 and 6459 Cambie Street, Vancouver, B.C. for \$27,300,000. The proceeds from the sale are designated to build a new church. The sale is scheduled to complete on October 31, 2018. The purchaser has paid \$3,050,000 as a non-refundable (except in the event of a default by the seller of its obligations) deposit.

CHINESE PRESBYTERIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

(UNAUDITED)

6. PROPERTY AND EQUIPMENT

| | COST | ACCUMULATED AMORTIZATION | NET BOOK VALUE 2017 | 2016 |
|-------------------------|-----------|-----------------------------|------------------------|---------|
| | \$ | \$ | \$ | \$ |
| Land | 209,803 | - | 209,803 | 209,803 |
| Buildings | 597,970 | 388,683 | 209,287 | 229,220 |
| Furniture and equipment | 244,962 | 244,962 | - | - |
| | 1,052,735 | 633,645 | 419,090 | 439,023 |

7. FINANCIAL INSTRUMENT RISKS AND CONCENTRATION OF RISK

The Church may expose risks through its financial instruments. The following provides analysis on the Church's risk exposure and concentration at the reporting date:

Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The Church's accounts receivable are interest receivable. It is the management's opinion that the Church does not expose to significant credit risk.

Liquidity risk:

Liquidity risk is the risk that the Church will encounter difficulty in meeting financial obligations as they come due. As at the balance sheet date, the Church has sufficient cash to settle its current liabilities. Hence, the Church does not face liquidity risk.

Currency risk:

Currency risk results from exchange rate fluctuations and the volatility of these rates. All the Church's transactions are denominated in home currency and hence it does not expose to any currency risk.

Interest rate risk:

The Church does not carry any interest bearing financial instruments with floating interest rates. It does not expose to interest rate risk.

CHINESE PRESBYTERIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

(UNAUDITED)

8. EDUCATION

The Church is involved in education and with receipts and expenses as follows:

| | 2017 | 2016 |
|--------------------|---------------|---------------|
| | \$ | \$ |
| Education receipts | 324,303 | 388,442 |
| Education expenses | 249,135 | 289,782 |
| | <u>75,168</u> | <u>98,660</u> |

9. NET INCOME FROM PROPERTIES

The revenue generated and the expenses incurred from rental properties are as follows:

| | 2017 | 2016 |
|----------|---------------|---------------|
| | \$ | \$ |
| Revenue | 90,756 | 91,556 |
| Expenses | 62,714 | 71,142 |
| | <u>28,042</u> | <u>20,414</u> |

10. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.