



Orchard Valley Pastoral Charge

Financial Statements

December 31, 2023

Orchard Valley Pastoral Charge

December 31, 2023

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Independent Practitioner's Review Engagement Report

To the Officers and Members of Orchard Valley Pastoral Charge

We have reviewed the accompanying financial statements of Orchard Valley Pastoral Charge that comprise the Statement of Financial Position as at December 31, 2023, and the Statement of Operations and Changes in Net Assets, and Cash Flow 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 not-for-profit organizations, 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 the financial statements do not present fairly, in all material respects, the financial position of Orchard Valley Pastoral Charge as at December 31, 2023, 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.



Chartered Professional Accountants

Kentville, Nova Scotia
March 10, 2024

Orchard Valley Pastoral Charge

Statement of Operations and Changes in Net Assets For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>Budget</u>
Revenue			
Offerings	\$ 170,090	\$ 142,004	\$ 156,950
Bequests	52,647	156,703	50,000
Mission and service - Congregation	33,461	30,363	30,000
United Church Men and Women	3,000	3,525	3,000
Miscellaneous	497	79	-
	<u>259,695</u>	<u>332,674</u>	<u>239,950</u>
Operating expenses			
Administrative (Note 10)	37,061	38,462	37,100
Committees (Note 11)	44,636	43,413	45,450
Ministry and personnel (Note 12)	206,737	193,305	231,288
Property (Note 13)	108,585	109,486	178,230
	<u>397,019</u>	<u>384,666</u>	<u>492,068</u>
Deficiency of revenue over expenses	<u>(137,324)</u>	<u>(51,992)</u>	<u>(252,118)</u>
Transfers from Orchard Valley Pastoral Charge Trust Funds:			
Trust funds-Operations	138,828	168,881	252,118
Trust funds-Mission and service	3,497	6,216	-
	<u>142,325</u>	<u>175,097</u>	<u>252,118</u>
Change in net assets	5,001	123,105	-
Net assets - beginning of year	<u>302,277</u>	<u>179,172</u>	<u>-</u>
Net assets, end of year	<u>\$ 307,278</u>	<u>\$ 302,277</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Orchard Valley Pastoral Charge
Statement of Financial Position
December 31, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash	\$ 29,410	\$ 155,157
Accounts receivable	699	970
Harmonized sales tax receivable	19,318	83,979
Prepaid expenses	2,094	10,594
Due from Orchard Valley Pastoral Charge-Trust Funds (Note 3)	<u>215,473</u>	<u>49,664</u>
	266,994	300,364
Equipment (Note 4)	46,056	19,536
Funds held in trust (Note 6)	<u>61,027</u>	<u>34,092</u>
	<u>\$ 374,077</u>	<u>\$ 353,992</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 5,772	\$ 17,623
Funds held in trust (Note 6)	<u>61,027</u>	<u>34,092</u>
	<u>66,799</u>	<u>51,715</u>
Net Assets	<u>307,278</u>	<u>302,277</u>
	<u>\$ 374,077</u>	<u>\$ 353,992</u>

Approved on Behalf of the Board:

Jane McDonald
 Chair, Finance Committee

[Signature]
 Treasurer

The accompanying notes are an integral part of these financial statements.

Orchard Valley Pastoral Charge
Statement of Cash Flows
For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (137,324)	\$ (51,992)
Items which do not involve a cash outlay:		
Loss on disposal of assets	765	-
Amortization	8,558	3,157
	<u>(128,001)</u>	<u>(48,835)</u>
Accounts receivable	271	1,361
Harmonized sales tax	64,661	(83,622)
Prepaid expenses	8,500	1,992
Accounts payable and accrued liabilities	<u>(11,851)</u>	<u>(5,060)</u>
	<u>(66,420)</u>	<u>(134,164)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to Orchard Valley Pastoral Charge Trust Funds	(165,809)	50,600
Purchase of property and equipment	<u>(35,843)</u>	<u>(12,115)</u>
	<u>(201,652)</u>	<u>38,485</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Transfers from Orchard Valley Pastoral Charge Trust Funds	<u>142,325</u>	<u>175,097</u>
Net change in cash	(125,747)	79,418
Cash at beginning of year	<u>155,157</u>	<u>75,739</u>
Cash at end of year	<u><u>\$ 29,410</u></u>	<u><u>\$ 155,157</u></u>

The accompanying notes are an integral part of these financial statements.

Orchard Valley Pastoral Charge

Notes to the Financial Statements

For the Year Ended December 31, 2023

1. Nature of operations

Effective July 1, 2012, the Orchard Valley Pastoral Charge was formed to effect the amalgamation of four United Church of Canada Pastoral Charges located in Eastern Kings County, Nova Scotia.

These financial statements reflect the activities related to the operations of Orchard Valley Pastoral Charge. The activities of the Trustees Fund managed by the Orchard Valley Pastoral Charge are not included in these financial statements and are reported in separate financial statements.

2. Summary of significant accounting policies

Basis of presentation

These financial statements were prepared in accordance with the Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts that fluctuate frequently from being positive to overdrawn, and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Property and equipment

Property, plant and equipment are stated at cost. Depreciation is provided using the following methods and annual rates:

	Method	Rate
Furniture and fixtures	Declining balance	20%
Computer	Declining balance	30%

Only one half of the normal rates of amortization are applied to the cost of current period additions. No amortization is taken in the year of disposition.

Orchard Valley Pastoral Charge

Notes to the Financial Statements

For the Year Ended December 31, 2023

2. Summary of significant accounting policies (continued)

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash and cash equivalents, and receivables.

Financial liabilities measured at amortized cost include accounts payable and accruals.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the impairment provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Revenue recognition

Orchard Valley Pastoral Charge follows the deferral method of accounting for contributions. Contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured

Rental revenue is recognized when the services have been provided.

Volunteers contribute significant hours to assist Orchard Valley Pastoral Charge in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

Orchard Valley Pastoral Charge

Notes to the Financial Statements

For the Year Ended December 31, 2023

3. Due from/to Orchard Valley Pastoral Charge-Trust Funds

	2023	2022
Due from Trust Funds	<u>\$ 215,473</u>	<u>\$ 49,664</u>

The Organization is related to Orchard Valley Pastoral Charge-Trust Funds by virtue of common control. The balance due from the related party is non-interest bearing, unsecured and has no set terms of repayment. The balance represents the portion of income earned on investments held in Trust Funds which is designated for allocation to operating and to mission and services, excess cash transferred for investment and the refundable portion of Harmonized Sales Tax on the Trust Funds expenses.

4. Equipment

	Cost	Accumulated Depreciation	2023 Net Book Value	2022 Net Book Value
Furniture and fixtures	\$ 46,841	\$ 16,346	\$ 30,495	\$ 14,653
Computer	22,965	7,404	15,561	4,883
	<u>\$ 69,806</u>	<u>\$ 23,750</u>	<u>\$ 46,056</u>	<u>\$ 19,536</u>

5. Accounts payable and accrued expenses

	2023	2022
Mission and Service-United Church of Canada	<u>\$ 3,497</u>	\$ 6,216
Payables and accruals	<u>2,275</u>	<u>11,407</u>
	<u>\$ 5,772</u>	<u>\$ 17,623</u>

Orchard Valley Pastoral Charge

Notes to the Financial Statements

For the Year Ended December 31, 2023

6. Funds held in trust

	2023	2022
Benevolent Fund	\$ 525	\$ 1,676
Christmas Hamper Fund	1,078	58
Heritage Fund (Note 14)	19,847	10,636
Junior Youth Group – Open Arms	30	30
Meet Your Feet Program	23,687	10,410
Seekers Youth Group	663	663
Helping Hands	14,495	10,599
Prayer Shawl Ministry	145	20
Choir	25	-
Families to Camp	132	-
Landscaping	400	-
	<u>\$ 61,027</u>	<u>\$ 34,092</u>

7. Budget amounts

The 2023 budget amounts on the Statement of Operations and Changes in Net Assets and the Schedules to the Financial Statements are presented for information purposes only, are unaudited and not covered by the review report of mbf | Chartered Professional Accountants.

8. Financial instruments risk

Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is, therefore, exposed to credit risk with respect to its receivables. The Organization does not have a significant exposure to any individual customer.

Liquidity risk

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization is, therefore, exposed to liquidity risk with respect to its payables. The Organization manages liquidity risk by monitoring its cash flows and ensuring it has sufficient cash available to meet its obligations and liabilities. The Organization is also exposed to concentration risk in that all of its cash is held with one financial institution.

The Organization is not exposed to interest rate, market, currency or other price risks.

Orchard Valley Pastoral Charge

Notes to the Financial Statements

For the Year Ended December 31, 2023

9. Economic dependence

Approximately 35% (2022 - 35%) of the organization's revenues come from a related party Orchard Valley Pastoral Charge-Trust Funds. The loss of a material amount of revenues from this related party could have a material adverse effect on operations.

10. Administrative expenses

	2023	2022	Budget
Interest and bank charges	\$ 2,000	\$ 2,362	\$ 2,200
Miscellaneous	3,942	3,977	4,000
Office	5,640	5,036	4,500
Presbytery and conference fees	14,848	15,817	16,000
Storage	4,136	5,901	5,000
Professional fees	4,838	4,246	4,300
Travel	1,657	1,123	1,100
	<u>\$ 37,061</u>	<u>\$ 38,462</u>	<u>\$ 37,100</u>

11. Committees expenses

	2023	2022	Budget
Affirming committee	\$ 244	\$ 413	\$ 500
Christian development	1,391	1,999	2,000
Communication	-	-	2,000
Congregational life	1,649	431	1,200
Facilities Committee	-	-	1,000
Ministry and personnel	461	530	750
Mission and Service	36,958	36,579	30,000
Music and worship	1,263	646	1,800
Outreach	4,921	3,812	5,000
Pastoral Care, net of income allocation of \$2,432 (2022 - \$1,432)	(2,249)	(1,057)	1,000
Search Committee	-	60	200
	<u>\$ 44,638</u>	<u>\$ 43,413</u>	<u>\$ 45,450</u>

Orchard Valley Pastoral Charge

Notes to the Financial Statements

For the Year Ended December 31, 2023

12. Ministry and personnel

	2023	2022	Budget
CPP and EI expense	\$ 10,063	\$ 10,297	\$ 17,300
Church pension and group insurance	22,681	23,394	22,618
Continuing education and book allowance	2,376	544	4,500
Honorariums	9,036	8,520	9,060
Contract musician	13,839	8,715	20,800
Lay salaries	54,914	56,532	66,500
Minister's salary and housing	93,828	85,303	90,510
	\$ 206,737	\$ 193,305	\$ 231,288

13. Property

	2023	2022	Budget
Amortization	\$ 8,558	\$ 3,157	\$ 11,200
Insurance	5,855	8,220	8,500
Maintenance and repairs	7,581	1,795	2,000
Rent	21,715	38,700	21,530
Photocopier leases and fees	3,823	3,059	3,200
Security systems	1,241	224	1,000
Snow removal and lawn care	215	2,535	4,000
Storage	-	427	500
Telephone	11,412	9,241	8,000
Utilities	46,691	42,128	43,300
Building, furniture and equipment	1,494	-	75,000
	\$ 108,585	\$ 109,486	\$ 178,230

Orchard Valley Pastoral Charge

Notes to the Financial Statements

For the Year Ended December 31, 2023

14. Schedule of Receipts and Disbursements-Heritage Fund

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 10,636	\$ 2,925
Receipts		
Donations	7,020	3,709
Grants	8,211	1,330
Rentals	-	200
Sales	1,530	970
Other	5,233	196
	<u>21,994</u>	<u>6,405</u>
Disbursements		
Grant repayment	-	3,000
Insurance	2,100	-
Minister	1,439	1,200
Miscellaneous	1,498	150
Maintenance and repair	5,928	-
Music	1,125	325
Office	105	628
Property tax	80	159
Service charges	43	39
Utilities	465	350
	<u>12,783</u>	<u>5,851</u>
Transfer from Orchard Valley Pastoral Charge-Trust Funds		
Enid Kelly	-	2,157
Heritage Reserve	-	5,000
	<u>\$ 19,847</u>	<u>\$ 10,636</u>

Orchard Valley Pastoral Charge-Trust Funds

Financial Statements

December 31, 2023

Orchard Valley Pastoral Charge-Trust Funds

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

TO THE BOARD OF TRUSTEES ON BEHALF OF THE ORCHARD VALLEY PASTORAL CHARGE-TRUST FUNDS:

We have reviewed the accompanying financial statements of Orchard Valley Pastoral Charge-Trust Funds that comprise the statement of financial position as at December 31, 2023, statements of operations, changes in net assets, 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 not-for-profit organizations, 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 the financial statements do not present fairly, in all material respects, the financial position of Orchard Valley Pastoral Charge-Trust Funds as at December 31, 2023, 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.



Chartered Professional Accountants

Kentville, Nova Scotia
March 10, 2024

Orchard Valley Pastoral Charge-Trust Funds
Statement of Financial Position
As at December 31, 2023

	Unrestricted Fund	Restricted Fund	Total 2023	Total 2022
Current Assets				
Cash, unrestricted	\$ 51,121	\$	\$ 51,121	\$ 48,980
Inter-fund receivable	37,640		37,640	41,723
Prepaid expenses				11,793
	<u>88,761</u>		<u>88,761</u>	<u>102,496</u>
Other Assets				
Long-term investments (Note 3)	128,658	1,212,489	1,341,147	1,863,438
Property (Note 4)	<u>2,979,414</u>		<u>2,979,414</u>	<u>1,908,237</u>
Total Assets	<u>\$ 3,196,833</u>	<u>\$ 1,212,489</u>	<u>\$ 4,409,322</u>	<u>\$ 3,874,171</u>
Current Liabilities				
Inter-fund payable		\$ 37,640	\$ 37,640	\$ 41,723
Due to Orchard Valley Pastoral Charge	\$ 215,473		215,473	49,664
Accounts Payable				109,839
Current portion of long term debt	<u>31,780</u>		<u>31,780</u>	
	<u>247,253</u>	<u>37,640</u>	<u>284,893</u>	<u>201,226</u>
Long term debt	<u>295,252</u>		<u>295,252</u>	
Fund Balances				
Unrestricted (note 5)	1,947		1,947	236,563
Investment in Capital Assets	2,652,381		2,652,381	1,908,237
Externally restricted funds (Note 6)		1,151,877	1,151,877	1,196,060
Internally restricted funds (Note 7)		<u>22,972</u>	<u>22,972</u>	<u>332,085</u>
	<u>2,654,328</u>	<u>1,174,849</u>	<u>3,829,177</u>	<u>3,672,945</u>
Total Liabilities and Net Assets	<u>\$ 3,196,833</u>	<u>\$ 1,212,489</u>	<u>\$ 4,409,322</u>	<u>\$ 3,874,171</u>

Approved:



Chair of Trustees



Treasurer of Trustees

The accompanying notes are an integral part of these financial statements

Orchard Valley Pastoral Charge-Trust Funds

Statement of Operations

Year Ended December 31, 2023

	Unrestricted Funds	Restricted Funds	Total 2023	Total 2022
Revenues				
Chipman Estate	\$ 100,257	\$	\$ 100,257	\$ 90,349
Donations	925	116,612	117,537	57,122
Investment income	9,226	38,781	48,007	93,619
Capital gains distributions	450	1,710	2,160	10,445
Loss on disposal of investments	(9,977)	(38,805)	(48,782)	(27,653)
Gain on the sale of assets	562		562	809
Change in unrealized gains (loss) on investments	<u>16,541</u>	<u>88,748</u>	<u>105,289</u>	<u>(309,276)</u>
	<u>117,984</u>	<u>207,046</u>	<u>325,030</u>	<u>(84,585)</u>
Expenses				
Bursary	1,500		1,500	1,500
Interest on long term debt	6,727		6,727	
Investment fees	1,637	11,199	12,836	25,603
Office and miscellaneous	36		36	154
Professional fees	<u>5,375</u>		<u>5,375</u>	<u>4,246</u>
	<u>15,275</u>	<u>11,199</u>	<u>26,474</u>	<u>31,503</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>\$ 102,709</u>	<u>\$ 195,847</u>	<u>\$ 298,556</u>	<u>\$ (116,088)</u>

The accompanying notes are an integral part of these financial statements

Orchard Valley Pastoral Charge-Trust Funds

Statement of Changes in Net Assets

Year Ended December 31, 2023

	Unrestricted Funds	Investment In Capital Assets	Externally Restricted Funds	Internally Restricted Funds	Total 2023	Total 2022
Net assets balance, beginning of year	\$ 236,563	\$ 1,908,237	\$ 1,196,060	\$ 332,085	\$ 3,672,945	\$ 3,971,286
Excess of revenue, over expenses	102,709		73,962	121,885	298,556	(116,088)
Interfund transfers (Note 8)						
Bursaries	1,077		(1,077)			
Investment in capital assets	(238,145)	744,144	(75,001)	(430,998)		
Distributions to operations						
From income						
General	(100,257)		(20,647)		(120,904)	(119,674)
Mission and service			(3,497)		(3,497)	(6,216)
From fund balances						
Enid Kelly to Covenanter						(2,157)
Heritage Reserve to Covenanter						(5,000)
Leslie Income for youth pastor			(17,923)		(17,923)	(49,206)
Net Assets Balance, End of Year	<u>\$ 1,947</u>	<u>\$ 2,652,381</u>	<u>\$ 1,151,877</u>	<u>\$ 22,972</u>	<u>\$ 3,829,177</u>	<u>\$ 3,672,945</u>

The accompanying notes are an integral part of these financial statements

Orchard Valley Pastoral Charge-Trust Funds

Statement of Cash Flows

Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Cash Provided by (Used in) Operating Activities		
Excess (deficiency) of revenue over expenditures		
Unrestricted	\$ 102,709	\$ 53,390
Restricted	195,847	(169,478)
Change in unrealized loss (gains) on investments		
Unrestricted	(16,541)	40,039
Restricted	(88,748)	269,237
Loss (gain) on disposal of investments or assets		
Unrestricted	9,977	(809)
Restricted	38,805	27,653
Change in non-cash operating working capital		
Increase (decrease) in amounts due to Orchard Valley Pastoral Charge	165,809	(49,610)
Decrease (increase) in prepaid	11,793	(11,793)
Increase (decrease) in accounts payable	<u>(109,839)</u>	<u>110,829</u>
	<u>309,812</u>	<u>269,458</u>
Cash Provided by (Used in) Investing Activities		
Proceeds from sale of investments	873,736	1,642,891
Purchase of investments	(294,939)	(534,530)
Property additions	(1,071,176)	(1,251,593)
Issue of long term debt	350,000	
Repayment of long term debt	<u>(22,968)</u>	<u> </u>
	<u>(165,347)</u>	<u>(143,232)</u>
Cash Provided by (Used in) Financing Activities		
Transfers to Orchard Valley Pastoral Charge	<u>(142,324)</u>	<u>(182,253)</u>
Change in cash during the year	2,141	(56,027)
Cash at beginning of year	<u>48,980</u>	<u>105,007</u>
Cash at End of Year	<u>\$ 51,121</u>	<u>\$ 48,980</u>

The accompanying notes are an integral part of these financial statements

Orchard Valley Pastoral Charge-Trust Funds

Notes to Financial Statements

Year Ended December 31, 2023

1. Nature of operations

Effective July 1, 2012, the Orchard Valley Pastoral Charge was formed to affect the amalgamation of four United Church of Canada Pastoral charges located in Eastern Kings County, Nova Scotia.

These financial statements reflect the activities related to the Trust Funds held by the Orchard Valley Pastoral Charge. The other operating activities of the Orchard Valley Pastoral Charge are not included in these financial statements and are reported in separate financial statements.

2. Summary of significant accounting policies

The organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

The Unrestricted Fund accounts are for the organization's program delivery and administrative activities. This fund reports unrestricted resources.

Restricted contributions and resources and internally restricted resources are reported in the Restricted Funds.

Revenue recognition

Orchard Valley Pastoral Charge-Trust Funds follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue of the appropriate fund when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities. Cash and cash equivalents held with an investment broker are considered investments.

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

Orchard Valley Pastoral Charge-Trust Funds

Notes to Financial Statements

Year Ended December 31, 2023

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

The organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net revenues and expenditures in the period the changes occur.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash and cash equivalents and receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include investments. The fair values of investments are determined by reference to the latest closing transactional net asset value of each investment.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the impairment provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net revenues and expenditures.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and adjustments necessary are reported in net revenues and expenditures in the period in which they become known. Actual results could differ from these estimates.

3. Investments measured at fair value

	<u>2023</u>	<u>2022</u>
Unrestricted		
Cash equivalents	\$ 2,159	\$ 70,351
Mutual funds		
Fixed income	88,145	102,963
Equities	29,465	87,372
Common shares	<u>8,889</u>	<u>32,884</u>
	<u>128,658</u>	<u>293,570</u>

Orchard Valley Pastoral Charge-Trust Funds

Notes to Financial Statements

Year Ended December 31, 2023

3. Investments measured at fair value (continued)

	<u>2023</u>	<u>2022</u>
Restricted		
Cash equivalents	\$ 259,747	\$ 23,807
Bonds	7,900	7,900
Mutual funds		
Fixed income		134,045
Equities	122,934	291,535
Preferred shares	539,658	835,860
Common shares	<u>282,250</u>	<u>276,721</u>
	<u>1,212,489</u>	<u>1,569,868</u>
Balance, end of year	<u>\$ 1,341,147</u>	<u>\$ 1,863,438</u>

4. Property at cost

	<u>2023</u>	<u>2022</u>
New Minas property	\$ 2,690,412	\$ 1,694,236
Grand Pre Covenanter property	289,001	214,000
Lower Horton Cemetery	<u>1</u>	<u>1</u>
	<u>\$ 2,979,414</u>	<u>\$ 1,908,237</u>

Properties were transferred at their carrying values from the accounts of Orchard Valley Pastoral Charge in 2013. The Trust funds have also paid \$2,266,411 for additions to the New Minas property since then, and \$75,001 for additions to the Grand Pre Covenanter property in 2023. These assets are not being amortized.

During 2022, the organization started a project to renovate and expand the New Minas property, and this project was completed in 2023. The project was funded with a combination of debt, grants, donations and Trust Funds.

Orchard Valley Pastoral Charge-Trust Funds

Notes to Financial Statements

Year Ended December 31, 2023

5. Long-Term Debt

	<u>2023</u>	<u>2022</u>
United Church of Canada Loan bearing interest at 2.5%, repayable in blended monthly payments of \$3,299. This loan matures in March 2033 and is secured by a building with a net book value of \$2,690,411.	\$ 327,032	
Less current portion	<u>(31,780)</u>	
	<u>\$ 295,252</u>	

Estimated principal due within each of the next five years is as follows:

2024	\$	31,780
2025		32,584
2026		33,408
2027		34,253
2028		35,119
Thereafter		159,888

6. Externally restricted funds

	<u>2023</u>	<u>2022</u>
Allan	\$ 3,588	\$ 3,520
Bayne	1,499	1,434
Covenanter		
Heritage Fund Reserve	16,046	59,781
Enid Kelly Memorial Fund	5,983	20,605
Maritime Conference Financial Services Bond A	4,400	4,400
Maritime Conference Financial Services Bond B	3,500	3,500
AK Forsythe	239,590	234,978
E Forsythe	510,017	500,199
Leslie		
Principal	46,309	45,418
Income	13,773	29,207
Mackay		
Mission and service	134,000	127,300
Operating	134,000	127,300
Sullivan	<u>39,172</u>	<u>38,418</u>
	<u>\$ 1,151,877</u>	<u>\$ 1,196,060</u>

Orchard Valley Pastoral Charge-Trust Funds

Notes to Financial Statements

Year Ended December 31, 2023

7. Internally restricted funds	<u>2023</u>	<u>2022</u>
Building	\$	\$ 310,599
Memorial	<u>22,972</u>	<u>21,486</u>
	<u>\$ 22,972</u>	<u>\$ 332,085</u>

8. Interfund transfers

During the year \$1,077 (2022 - \$1,340) was transferred from restricted net assets to unrestricted net assets for payment of bursaries and \$744,144 (2022 - \$1,251,593 from restricted net assets) was transferred from unrestricted and restricted net assets to investment in capital assets for additions to the New Minas and Grand Pre Covenanter properties.

9. Financial instruments risks

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposures and concentrations at December 31, 2023.

Market risk

Market risk is the risk that fair value or expected future cash flows of a financial instrument will fluctuate because of changes in the market prices. Market risk comprise three types of risk: currency risk, interest rate risk, and other price risk. The organization is mainly exposed to interest rate risk and other price risk.

i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognized at the reporting date, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The organization is also exposed to earnings volatility on floating rate instruments. There was no significant change in exposure from the year prior.

ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments quoted in an active market.

The organization is not exposed to liquidity, currency and credit risk.

ORCHARD VALLEY PASTORAL CHARGE**Budget****2024**

	Forcast 2023	2023 Budget	2024 Budget
REVENUE			
Envelopes - General	152,434	\$ 154,000	175,000
Loose Offering	3,578	800	3,500
Anniversary	10	150	200
Easter	760	600	800
Thanksgiving	70	200	200
Christmas	1,220	1,200	1,300
M&S - Congregation	33,521	30,000	33,000
Total Offering	191,593	186,950	214,000
Fundraising - Mens Group	3,000	3,000	4,000
Bequest	50,000	50,000	90,000
Other revenue	576	-	-
Total Revenue	245,169	239,950	308,000
EXPENSES			
Administrative			
Office	5,165	4,500	5,000
Miscellaneous	3,470	4,000	4,000
Expenses Related to Expansion	-	5,000	-
Review Engagement Report	4,837	4,300	5,000
United Church Assessment	14,845	16,000	12,033
Service Charges	2,097	2,200	2,200
Travel	1,117	1,100	1,200
Total Administrative	31,531	37,100	29,433
Committees			
Affirming Committee	243	500	500
Christian Development	1,224	2,000	2,000
Communication	-	2,000	2,000
Congregational Life	1,720	1,200	2,000
Facilities committee		1,000	-
Music & Worship			
Music Supplies	447	1,000	1,000
Music Honorariums	75	500	500
Pulpit Supply	-	-	-
Worship Supplies	762	300	800
Ministry & Personnel	751	750	750
M&S - Congregation	28,521	30,000	33,000
Outreach - General	5,001	5,000	6,000
Search Committee	-	200	2,000
Pastoral Care	(1,052)	1,000	1,000
Total Committees	37,692	45,450	51,550

	Forecast 2023	2023 Budget	2024 Budget
Property			
Amortization	9,181	11,200	11,200
Allowance for Unknown Costs re Buildi	4,702	15,000	-
Electricity	45,122	43,000	12,000
Furniture & Equipment	3,812	60,000	4,000
Insurance	7,003	8,500	8,500
Loss on asset Disposal	329	-	-
Maintenance	2,314	2,000	3,000
Photocopier Leases & Expenses	3,891	3,200	4,000
Rental of Temporery Premises	21,715	21,530	-
Security Systems	1,241	1,000	1,300
Snow Removal / Lawn Care	215	4,000	6,000
Storage	-	500	-
Telephone & Internet	11,453	8,000	12,180
Water & Sewer	2,451	300	2,600
Total Property	<u>113,429</u>	<u>178,230</u>	<u>64,780</u>
Salary & Salary Related			
Ministers' Salaries	90,153	90,510	95,000
Salaries - Other	52,519	66,000	60,100
Canada Pension	6,870	7,300	6,588
Church Pension	11,212	13,800	10,747
Contract Labour - Musicians	14,439	20,800	9,600
Contract Labour - Miscellaneous	420	500	500
Employment Insurance	3,248	3,500	3,840
Group Benefits	11,471	15,318	10,985
Continuing Education & Professional De	2,880	4,500	4,350
Honorariums	9,036	9,060	9,000
Total Salary Related	<u>202,248</u>	<u>231,288</u>	<u>210,710</u>
Total Expenses	<u>384,900</u>	<u>492,068</u>	<u>356,473</u>
Surplus (Deficiency) of Operating Revenue Over Expenses	<u>(139,731)</u>	<u>(252,118)</u>	<u>(48,473)</u>
Transfer From Trust Funds			
Designated for Operations	110,000	110,000	110,000
Additional transfers	29,731	142,118	19,726
	<u>139,731</u>	<u>252,118</u>	<u>129,726</u>
Surplus (-Deficet)	\$ -	\$ -	\$ 81,253