

**BRITISH COLUMBIA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH
IN CANADA**

FINANCIAL STATEMENTS

30 JUNE 2017

**BRITISH COLUMBIA SYNOD OF THE
EVANGELICAL LUTHERAN CHURCH IN CANADA**
Financial Statements
30 June 2017

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INDEPENDENT AUDITORS' REPORT

To the Synod Council of the British Columbia Synod
of the Evangelical Lutheran Church in Canada,

Report on the Financial Statements

We have audited the accompanying financial statements of the British Columbia Synod of the Evangelical Lutheran Church in Canada (the "Synod"), which comprise the statement of financial position as at 30 June 2017 and the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



INDEPENDENT AUDITORS' REPORT - Continued

Basis for Qualified Opinion

In common with charitable organizations, the Synod derives a portion of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Synod and we are not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses and net assets.

Note 2(d) describes the amortization policy with respect to the Synod's capital assets. With respect to the amortization policy on its building, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The effect of this departure from accounting standards for not-for-profit organizations is the amortization expense is understated by \$9,411 for the year ended 30 June 2017 (2016 - \$9,803), and capital assets and net assets are overstated by \$45,986 as at 30 June 2017 (2016 - \$36,575).

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the British Columbia Synod of the Evangelical Lutheran Church in Canada as at 30 June 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

Rolfe, Benson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
17 November 2017

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Statement of Financial Position
30 June 2017

	2017	2016
Assets		
Current		
Cash	\$ 281,677	\$ 164,003
GST receivable	1,599	2,697
Synod Mission Support receivable	28,304	38,397
Prepaid expenses and advances	12,646	12,899
	324,226	217,996
Investments in life insurance policies (Note 4)	1	2
Lutheran Theological Seminary (Note 5)	1	1
Investments (Note 6)	73,406	70,643
Tangible capital assets (Note 7)	3,142,759	3,143,872
	\$ 3,540,393	\$ 3,432,514
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 37,425	\$ 87,155
Synod Mission Support (Note 8)	5,011	4,691
	42,436	91,846
Deferred Contributions		
Expenses of future periods (Note 9(a))	206,865	207,962
Purchase of tangible capital assets (Note 9(b))	1,902	2,206
	208,767	210,168
Commitments (Note 13)		
Net Assets		
Invested in tangible capital assets (Note 10(a))	3,140,857	3,141,666
Internally restricted (Note 11)	33,823	48,777
Externally restricted endowment (Note 12)	40,000	40,367
Unrestricted (deficit)	74,510	(100,310)
	3,289,190	3,130,500
	\$ 3,540,393	\$ 3,432,514

Approved on behalf of the Synod Council:

_____ Director _____ Director

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**

**Statement of Operations
For the Year Ended 30 June 2017**

	2017 Budget (unaudited)	2017	2016
Revenues			
Regular Synod Mission Support	\$ 315,000	\$ 312,057	\$ 301,412
Special gifts to Synod	-	211,541	18,641
Canadian missions	-	800	800
Synod Mission Support (Note 8)	-	162,167	250,130
Interest and other income	40,000	17,328	13,716
Deferred contribution revenue (Note 9)	80,000	92,563	145,257
Net rental income - Schedule 1	27,500	14,424	26,330
	<u>462,500</u>	<u>810,880</u>	<u>756,286</u>
Expenses			
General and administrative expenses - Schedule 2	254,600	244,673	242,142
Synod Mission Support (Note 8)	-	162,167	250,130
Deferred contribution expenditure (Note 9)	-	22,608	71,183
Regular Synod Mission Support:			
National Church Mission	58,650	58,650	58,650
Synod Property, UEL Vancouver (Note 11)		24,068	-
Mission through the Synod:			
Congregational support missions	10,000	10,000	20,000
Canadian Missions committee	2,000	1,056	1,162
CTEL	4,000	3,756	3,093
Communication	7,000	5,836	8,107
Conference and Dean's expense	2,500	390	180
Convention (Note 11)	-	1,181	3,162
Examining committee	1,000	325	839
Faith and Society	1,500	4	1,555
Campus Ministry	2,000	1,500	1,500
Lutheran Theological Seminary	50,000	50,000	50,000
Oliver Ministry	4,000	4,167	4,740
Pastors study (recovery) (Note 11)	-	(5,098)	1,498
Missional renewal			
- missional grant (Note 9)	80,000	69,955	74,074
- Canadian Missions (Note 11)	-	(5,197)	(7,505)
Specialized Ministry	350	-	-
Stewardship	500	-	-
Worship committee	1,500	-	938
Youth committee	1,500	655	518
Miscellaneous	400	685	799
	<u>481,500</u>	<u>651,381</u>	<u>786,765</u>
Excess (Deficiency) of revenues over expenses before amortization	(19,000)	159,499	(30,479)
Amortization of tangible capital assets	-	(1,113)	(966)
Amortization of deferred contributions (Note 9)	-	304	362
Excess (Deficiency) of revenues over expenses for the year	\$ (19,000)	\$ 158,690	\$ (31,083)

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**

Statement of Changes in Net Assets

For the Year Ended 30 June 2017

	Invested in tangible capital assets (Note 10)	Internally restricted (Note 11)	Externally restricted (Note 12)	Unrestricted	2017	2016
Balance - beginning of year	\$ 3,141,666	\$ 48,777	\$ 40,367	\$ (100,310)	\$ 3,130,500	\$ 3,161,583
Excess (Deficiency) of revenues over expenses for the year	(809)	(14,954)	-	174,453	158,690	(31,083)
Transfer	-	-	(367)	367	-	-
Balance - end of year	\$ 3,140,857	\$ 33,823	\$ 40,000	\$ 74,510	\$ 3,289,190	\$ 3,130,500

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**

**Statement of Cash Flows
For the Year Ended 30 June 2017**

	2017	2016
Cash provided by (used in):		
Operating activities		
Excess (Deficiency) of revenues over expenses for the year	\$ 158,690	\$ (31,083)
Items not involving cash		
Amortization of tangible capital assets	1,113	966
Amortization of deferred contributions - purchase of capital assets	(304)	(362)
	159,499	(30,479)
Changes in non-cash working capital balances		
GST receivable	1,098	(508)
Synod Mission Support receivable	10,093	16,091
Prepaid expenses and advances	253	(7,548)
Accounts payable and accrued liabilities	(49,730)	(43,645)
Synod Mission Support	320	1,371
	121,533	(64,718)
Investing activities		
Purchase of tangible capital assets	-	(1,844)
Investments	(2,762)	(70,643)
	(2,762)	(72,487)
Financing activities		
Decrease in deferred contributions related to expenses of future periods	(1,097)	(296)
	(1,097)	(296)
Net increase (decrease) in cash for the year	117,674	(137,501)
Cash - beginning of year	164,003	301,504
Cash - end of year	\$ 281,677	\$ 164,003

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2017

1. Organization

The British Columbia Synod of the Evangelical Lutheran Church in Canada (the “Synod”) is incorporated under the Societies Act of British Columbia and is a member of the Evangelical Lutheran Church of Canada. The Synod is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Synod has affiliations with the following organizations:

(a) Member Congregations

The Synod is comprised of 48 independent member congregations located in British Columbia. It provides assistance for the development of Ministry and Missions on behalf of these congregations.

(b) Evangelical Lutheran Church in Canada

The Synod, along with four other synods, form the Evangelical Lutheran Church in Canada. The Synod forwards a discretionary portion of its receipts designated for Synod Mission Support to the Evangelical Lutheran Church in Canada.

(c) Lutheran Student Foundation of B.C.

The Synod has the right to appoint all of the directors of The Lutheran Student Foundation of B.C. (“Foundation”), a separate legal entity which previously owned the Lutheran Campus Centre on the University of British Columbia (“UBC”) endowment lands. In 2003 the Synod purchased the property from the Foundation and on 11 February 2015, legal title to the property was transferred to the Synod. Prior to this date, the legal title was held by the Foundation. All of the financial activity of the Foundation is detailed in Note 9 (Deferred Contributions) under Lutheran Student Foundation (committee funds).

(d) Lutheran Theological Seminary

The Board of Governors of the Lutheran Theological Seminary holds the property in Saskatoon, Saskatchewan in trust for the Synods of British Columbia, Alberta and Territories, Saskatchewan, and Manitoba-Northwest Ontario.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Financial Instruments

i. Measurement of Financial Instruments

The Synod initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and amounts receivable.

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

ii. Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

iii. Transaction Costs

The Synod recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(b) Cash and Cash Equivalents

The Synod's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from cash and cash equivalents.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
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Notes to the Financial Statements
For the Year Ended 30 June 2017

2. Summary of Significant Accounting Policies - continued

(c) Revenue Recognition

The Synod follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Contributions received from endowments have been externally restricted by the donor to be maintained by the Synod on a permanent basis. The original contribution and income earned can only be used for the purpose specified by the endowment.

Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue on a declining balance basis, at a rate corresponding with the amortization rate for the related tangible capital assets. Contributions of tangible capital assets that will not be amortized are recognized as an increase to net assets.

(d) Tangible Capital Assets

The following tangible capital assets are recorded at cost and amortized over their estimated useful lives at the following annual rates:

Furniture and equipment	20%	declining balance
Computer equipment	30%	declining balance
Vestments	10%	declining balance
Building	Not amortized. Prior to 1 July 2012 amortized at 4% declining balance	

Repairs and maintenance costs are charged to expense and betterments which extend the estimated life of an asset are capitalized.

(e) Contributed Assets

Contributed assets are recorded at fair value at the date of contribution if the amount is readily determinable. There were no contributed assets during the year.

(f) 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 amount of assets, liabilities, revenues and expenses and disclosure of contingencies at the date of the statement of financial position. Actual results could differ from those estimates.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
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Notes to the Financial Statements
For the Year Ended 30 June 2017

3. Restrictions on Cash and Term Deposit

The Synod has received contributions that have been designated by the donor for specific purposes, either for expenses of future periods or for capital assets. In addition, the Synod Council has restricted net assets as available only for those purposes outlined in Note 11. The deferred contributions, internally restricted and externally restricted net assets are comprised of the following:

	2017	2016
Deferred contributions - expenses of future periods (Note 9(a))	\$ 206,865	\$ 207,962
Internally restricted net assets (Note 11)	33,823	48,777
Externally restricted net assets (Note 12)	40,000	40,000
	\$ 280,688	\$ 296,739

The cash required to fund these commitments has not been segregated from general cash and must come from the cash in the statement of financial position and from other sources as needed.

4. Investment in Life Insurance Policies

The Synod owns the beneficial rights of a dividend term life insurance policy with no cash surrender value and has recorded the policy at a nominal amount of \$1.

5. Lutheran Theological Seminary

The Board of Governors of Lutheran Theological Seminary, Saskatoon, Saskatchewan, controls and manages the seminary and determines its academic and administrative affairs. The property of the seminary, both real and personal, is held by the Board of Governors in trust for and under the guidance of the Synods of British Columbia, Alberta and Territories, Saskatchewan, and Manitoba-Northwest Ontario. This asset has been recorded at a nominal value of \$1.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
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Notes to the Financial Statements
For the Year Ended 30 June 2017

6. Investments

Investments are comprised of the following:

	2017	2016
Cash and cash equivalents with broker	\$ 2,216	\$ 3,147
Fixed income securities	28,974	28,181
Equities	42,216	39,315
Total investments	\$ 73,406	\$ 70,643

Of the above investments, \$40,000 represents externally restricted net assets and \$30,000 represents the Synod Endowment Fund deferred contribution.

7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2017	2016
Land	\$ 2,866,713	\$ -	\$ 2,866,713	\$ 2,866,713
Building	280,283	8,432	271,851	271,851
Furniture and equipment	62,584	61,184	1,400	1,750
Computer equipment	19,557	18,130	1,427	2,038
Vestments	8,200	6,832	1,368	1,520
	\$ 3,237,337	\$ 94,578	\$ 3,142,759	\$ 3,143,872

Land and building are comprised of the following properties:

	Land	Building-Net
Oliver property	\$ 250,100	\$ 202,368
Synod property, University Endowment Lands, Vancouver	603,943	-
Kensington (North Burnaby) property	2,012,670	69,483
	\$ 2,866,713	\$ 271,851

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Impairment exists when the carrying value of the asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, is the excess of the carrying value over its fair value based on discounted future cash flows. No impairment losses were determined by management to be necessary for the year.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
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Notes to the Financial Statements
For the Year Ended 30 June 2017

7. Tangible Capital Assets - continued

In 2014, the Faith Evangelical Lutheran Church of Burnaby, BC (the “FELC”) contributed land and building to the Synod constituting a 57% interest in the property. The Vancouver Chinese Lutheran Church (the “VCLC”) holds the remaining 43% interest. The 57% interest in the land and building was registered with the Synod on 4 April 2014. The Synod’s interest has been recorded in the financial statements at its fair market value of \$2,082,153. Before the land and building was contributed by the FELC, the organization filed for dissolution with the BC Registry Services and was dissolved on 28 December 2011. In addition, the FELC failed to correctly file documents for dissolution with the Canada Revenue Agency (the “CRA”). Subsequently, the FELC filed its 2011 charity return with the CRA and reported the land and building as its capital assets instead of reporting them as being disposed to the Synod before the dissolution date of 28 December 2011. The CRA revoked the FELC’s charity status on 20 April 2012 and has taken the position that the disposition of land and building had not yet taken place. As the land and building were disposed of after the FELC’s charity status was revoked, the CRA has assessed a revocation tax of \$353,134 for the disposition of assets. The Synod, as the registered owner of the 57% interest in the land and building, would be potentially liable for this revocation tax. The Synod, on behalf of the dissolved organization FELC, has submitted to the CRA an amended 2011 charity return and notice of objection in relation to the revocation tax. Management is of the opinion that the CRA will accept the amended charity return and ultimately reverse their original assessment. Management has further determined that the liability for the revocation tax is not likely and the amount has therefore not been recorded in the financial statements. As of the audit report date the CRA has not yet processed the notice of objection.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
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Notes to the Financial Statements
For the Year Ended 30 June 2017

8. Synod Mission Support

The Synod collects funds from member congregations for designated projects and forwards these funds to the Evangelical Lutheran Church in Canada, in Winnipeg or to the designated societies.

	2017	2016
Opening balance - unexpended funds	\$ 4,691	\$ 3,320
Contributions	162,487	251,501
Remittances		
Designated funds	17,426	7,218
Undesignated	2,995	3,524
CLWR	104,584	145,283
Global Hunger Appeal	863	60
Lutheran Theological Seminary (Saskatoon)	925	895
Surrey Urban Mission	35,374	93,150
Total congregational support to other than Synod work	162,167	250,130
Ending balance - unexpended funds	\$ 5,011	\$ 4,691

At the year end, \$162,167 (2016 - \$250,130) was remitted and \$5,011 (2016 - \$4,691) remains to be remitted.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2017

9. Deferred Contributions

The Synod receives contributions designated for specific purposes, either for an expense of a future period or for a capital asset purchase.

(a) Expenses of Future Periods

The deferred contributions related to expenses of future periods are designated for specific purposes as follows:

	Opening Balance	2017 Contributions	2017 Expenditures	Transfers	Closing Balance
Church extension and capital fund (missional grant)	\$ 122,570	\$ 5,178	\$ 69,955	\$ -	\$ 57,793
Church extension and capital fund	1,120	35,770	-	-	36,890
Compassionate Justice Funds	2,870	10,017	-	-	12,887
Confirmation camp	2,988	3,283	-	-	6,271
ELCIC national convention	-	20,250	18,275	-	1,975
Forward in Mission for Stewardship	9,069	25	-	-	9,094
LCM Ministry	(14,510)	-	-	14,510	-
Lower Fraser Valley conference	271	-	-	(271)	-
Lutheran Student Foundation (committee funds)	2,230	-	-	-	2,230
Lower Mainland conference Lutheran Student Foundation (UBC building appeal)	204	120	28	271	567
Lutheran Urban Mission Society Fund	(108)	-	9,448	9,556	-
Ministry support	11,678	-	-	-	11,678
Stewardship 2001	-	200	170	-	30
Student aid and endowment funds	20,987	-	-	-	20,987
Synod Committee, special projects	5,039	382	-	-	5,421
Synod Endowment Fund	12,600	-	2,507	-	10,093
Youth events	30,276	-	-	(276)	30,000
	678	300	29	-	949
	<u>\$ 207,962</u>	<u>\$ 75,525</u>	<u>\$ 100,412</u>	<u>\$ 23,790</u>	<u>\$ 206,865</u>
Add: prepaid expense			1,599		
Less: expenses exceeded			(9,448)		
Total deferred contribution revenue and expense			<u>\$ 92,563</u>		
Expense classification					
Renewal and redevelopment					
- mission grant			\$ 69,955		
- Canadian missions			22,608		
			<u>\$ 92,563</u>		

The transfers above represent expenditures of exceeded contributions and are being funded by internally restricted funds.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2017

9. Deferred Contributions - continued

(a) Expenses of Future Periods - continued

When the Synod uses the funds for the designated purpose, the contribution is recognized as revenue and the related expenditure is recorded as an expense.

(b) Purchase of Tangible Capital Assets

Deferred contributions related to purchase tangible capital assets are the unspent amount of donations received plus any unamortized amount of contributions already spent. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2017	2016
Balance - beginning of year	\$ 2,206	\$ 2,568
Amortization	(304)	(362)
Balance - end of year	\$ 1,902	\$ 2,206

10. Investment in Tangible Capital Assets

(a) Investment in tangible capital assets is calculated as follows:

	2017	2016
Capital assets - net book value	\$ 3,142,759	\$ 3,143,872
Deferred contributions - purchase of capital assets	(1,902)	(2,206)
	\$ 3,140,857	\$ 3,141,666

(b) Revenues and expenses reflected in change in net assets invested in tangible capital assets is calculated as follows:

	2017	2016
Amortization of tangible capital assets	\$ (1,113)	\$ (966)
Amortization of deferred contributions related to tangible capital assets	304	362
	\$ (809)	\$ (604)

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
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Notes to the Financial Statements
For the Year Ended 30 June 2017

11. Internally Restricted Net Assets

These internally restricted amounts are not available for other purposes without approval by the Synod Council.

	Convention	Canadian Missions	Pastors Study	Capital Asset Contingency	Synod Property, UEL Development	2017	2016
Balance - beginning of year	\$ 592	\$ (5,543)	\$ 7,461	\$ 21,267	\$ 25,000	\$ 48,777	\$ 57,756
Revenues	-	5,197	17,145	-	-	22,342	70,691
Expenses	(1,181)	-	(12,047)	-	(24,068)	(37,296)	(67,846)
Excess (deficiency) of revenues over expenses for the year	(1,181)	5,197	5,098	-	(24,068)	(14,954)	2,845
Transfers	-	-	-	-	-	-	(11,824)
Balance - end of year	\$ (589)	\$ (346)	\$ 12,559	\$ 21,267	\$ 932	\$ 33,823	\$ 48,777

The revenues (expenses) for the amounts funded from internally restricted net assets are recorded in the following expenses in the statement of operations:

Convention -	convention
Canadian missions -	renewal and redevelopment
Pastors study -	pastor study (recovery)
Synod Property, UEL Development -	University lands development

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
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Notes to the Financial Statements
For the Year Ended 30 June 2017

12. Externally Restricted Endowment

In fiscal 2012, the Synod received a \$40,000 endowment from the Faith Evangelical Lutheran Church. The income earned on the monies are to be used for Synod mission development. The principal can only be used for the purpose of undertaking Evangelical Lutheran Church in Canada missions redevelopment in North Burnaby, B.C. The Synod has not yet determined whether mission redevelopment will be undertaken as at the year end.

13. Commitments

The Synod has an annual rental agreement with the Mount Zion Lutheran Church for its premises. The annual commitment for this agreement is \$8,652.

14. Pension Plan

The Synod participates in a defined contribution multi-employer pension plan (the “Plan”) administered by the Evangelical Lutheran Church of Canada Group Services (“GSI”). The Synod and employees make monthly contributions to the Plan into a members accumulation account (“MMA”) and only the Synod makes a contribution to a retirement benefit account (“RBA”). Beginning 1 January 2013, the Synod is no longer required to make contributions to the RBA as the plan has been fully funded. The contribution is based on an annually determined contribution rate on the member’s salary.

The Synod contributes 8% (2016 - 8%) and employees contribute 7% (2016 - 7%) to the MMA.

Pension plan expenses for the year ended 30 June 2017 amounted to \$18,615 (2016 - \$19,096).

15. Financial Instruments

The Synod is exposed to various risks through its financial instruments. The following analysis provides a measure of the Synod’s risk exposure and concentrations at the statement of financial position date, 30 June 2017:

(a) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Synod is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Synod manages liquidity risk by maintaining adequate cash. There has been no change to the risk exposure from prior year.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
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Notes to the Financial Statements
For the Year Ended 30 June 2017

15. Financial Instruments - continued

(b) Market Risk

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

(c) 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 Synod is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-rate instruments subject the Synod to a fair value risk.

(d) 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 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 Synod is exposed to other price risk through its investments.

16. The British Columbia Societies Act

The new British Columbia Societies Act (“new Act”) came into effect 28 November 2016. The new Act requires a society (other than a society designated as a member-funded society) to include, in its financial statements, the disclosure of any remuneration paid to its directors, and remuneration paid to employees and contractors earning more than \$75,000 during the fiscal year. For the fiscal year ended 30 June 2017, the Synod had one employee with remuneration in excess of \$75,000. The total amount of said employee’s remuneration was \$95,555 and is included in salaries and wages, and employee benefits. The directors of the Synod did not receive any remuneration during the 2017 fiscal year. This note was added to the financial statements after draft financial statements were presented at the annual meeting but has been reviewed by the Synod officers.

17. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year’s financial statement presentation.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**

Schedule 1 - Rental Income and Expenses

For the Year Ended 30 June 2017

	2017 Budget (unaudited)		2017		2016
Rental income					
North Burnaby Lutheran Centre	\$ 42,000	\$	42,105	\$	42,105
Oliver Lutheran Centre	8,000		6,540		6,900
	<u>50,000</u>		<u>48,645</u>		<u>49,005</u>
Rental expenses					
North Burnaby Lutheran Centre	17,500		32,240		20,175
Oliver Lutheran Centre	5,000		1,981		2,500
	<u>22,500</u>		<u>34,221</u>		<u>22,675</u>
Net rental income for the year	\$ 27,500	\$	14,424	\$	26,330

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**

Schedule 2 - General and Administrative Expenses

For the Year Ended 30 June 2017

	2017 Budget (unaudited)		2017		2016
Missions through administration					
Bishop discretionary	\$ 2,500	\$	3,202	\$	1,380
Computer expenses	2,600		1,886		2,267
Employee benefits	44,500		41,556		43,799
GST expense	4,000		2,102		3,866
Office and equipment rent	17,400		17,151		16,439
Office supplies and printing	1,500		1,257		1,764
Postage	700		342		892
Professional fees and insurance	23,000				
Audit and accounting	-		20,224		14,750
Insurance	-		4,454		4,374
Legal	-		2,594		1,852
Salaries and wages	127,100		115,204		118,636
Synod Council	12,000		12,995		9,315
Synod travel	11,500		13,570		15,609
Telephone and fax	3,600		3,297		3,703
Training	500		497		-
Utilities and cleaning	3,700		4,342		3,496
	\$ 254,600	\$	244,673	\$	242,142