

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

FINANCIAL STATEMENTS

30 JUNE 2020

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

Financial Statements

For the Year Ended 30 June 2020

Contents

Independent Auditors' Report	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 18
Schedule 1 - Rental Income and Expenses	19
Schedule 2 - General and Administrative Expenses	20



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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 Audit of the Financial Statements

Qualified Opinion

We have audited the 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 2020, and the statement of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying 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 2020, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Synod derives a portion of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Synod. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended 30 June 2020 and 30 June 2019, current assets as at 30 June 2020 and 30 June 2019, and net assets as at 1 July and 30 June for both the 2020 and 2019 years.

Our audit opinion on the financial statements for the year ended 30 June 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Synod in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



INDEPENDENT AUDITORS' REPORT - continued

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Synod's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Synod or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Synod's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Synod's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



INDEPENDENT AUDITORS' REPORT - continued

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Synod's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Synod to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

Rolfe, Benson LLP

Chartered Professional Accountants

Vancouver, BC
13 November 2020

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

Statement of Financial Position

30 June 2020

	2020	2019
Assets		
Current		
Cash	\$ 2,399,815	\$ 247,713
GST receivable	9,164	11,494
Synod Mission Support receivable	31,447	71,491
Prepaid expenses and advances	6,038	6,038
	2,446,464	336,736
Investments in life insurance policies (Note 4)	1	1
Lutheran Theological Seminary (Note 5)	1	1
Investments (Note 6)	10,784,087	4,545,283
Property held for sale (Note 2(d))	-	645,914
Tangible capital assets (Note 7)	4,957	6,542
	\$ 13,235,510	\$ 5,534,477
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 79,622	\$ 58,175
Synod Mission Support	10,061	18,142
	89,683	76,317
Deferred Contributions		
Expenses of future periods (Note 9(a))	257,900	206,847
Purchase of tangible capital assets (Note 9(b))	1,241	1,427
	259,141	208,274
Commitments (Note 13)		
Net Assets		
Invested in tangible capital assets and property held for sale (Note 10(a))	3,716	651,029
Internally restricted (Note 11)	533,863	209,433
Externally restricted endowment (Note 12)	40,000	40,000
Unrestricted	12,309,107	4,349,424
	12,886,686	5,249,886
	\$ 13,235,510	\$ 5,534,477

Approved on behalf of the Synod Council:

_____ Director _____ Director

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

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

**Statement of Operations
For the Year Ended 30 June 2020**

	2020 Budget (unaudited)	2020	2019 (Note 18)
Revenues			
Regular Synod Mission Support	\$ 315,000	\$ 301,215	\$ 313,415
Special gifts to Synod	-	7,832	192,733
Synod Mission Support (Note 8)	-	207,958	146,459
Investment and other income	275,000	751,385	313,906
Deferred contribution revenue (Note 9)	-	61,926	130,339
Gain from property sale	-	7,354,085	1,971,880
Net rental income - Schedule 1	-	-	4,896
	<u>590,000</u>	<u>8,684,401</u>	<u>3,073,628</u>
Expenses			
General and administrative expenses - Schedule 2	380,250	368,171	313,050
Synod Mission Support (Note 8)	-	207,958	146,459
COVID-19 congregational relief	-	202,500	-
Taxes paid for FELC (Note 7)	-	-	85,499
Deferred contribution expenditure (Note 9)	-	28,370	48,124
Regular Synod Mission Support:			
National Church Mission	58,650	58,650	58,650
Synod wide conversation	-	500	43,349
Investment management fees (Note 6)	-	53,411	12,305
Mission through the Synod:			
Congregational support missions	20,000	940	10,000
Canadian Missions committee	2,000	1,302	1,012
CTEL	3,000	4,024	2,796
Communication	8,500	6,884	7,730
Region and Dean's expense	5,000	402	1,164
Convention (Note 11)	-	111	3,628
Examining committee	1,500	2,218	612
Faith and Society	1,000	304	100
Campus Ministry	7,000	-	(670)
Lutheran Theological Seminary	60,000	60,000	60,294
Pastors study (recovery) (Note 11)	10,000	10,526	(5,232)
Missional renewal	12,000	-	-
- Missional grant - salaries and wages (Note 9)	-	33,556	79,867
- Missional grant - other (Note 9)	-	-	2,348
- Canadian Missions (Note 11)	-	962	1,707
Student aid (Note 11)	-	3,307	211
Worship committee	1,000	-	-
Youth committee	1,200	1,000	-
Miscellaneous expense (recovery)	400	1,107	(1,290)
Encouraging innovation	12,000	-	-
Emerging projects	5,500	-	-
Synod property, UEL Vancouver	1,000	-	-
	<u>590,000</u>	<u>1,046,203</u>	<u>871,713</u>
Excess of revenues over expenses before amortization	-	7,638,198	2,201,915
Amortization of tangible capital assets	-	(1,584)	(1,197)
Amortization of deferred capital contributions (Note 9)	-	186	218
Excess of revenues over expenses for the year	\$ -	\$ 7,636,800	\$ 2,200,936

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

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

Statement of Changes in Net Assets

For the Year Ended 30 June 2020

	Invested in tangible capital assets and property held for sale	Internally restricted	Externally restricted	Unrestricted	2020	2019
	(Note 10)	(Note 11)	(Note 12)			
Balance - beginning of year	\$ 651,029	\$ 209,433	\$ 40,000	\$ 4,349,424	\$ 5,249,886	\$ 3,048,950
Excess (deficiency) of revenues over expenses for the year	7,352,687	(15,356)	-	299,469	7,636,800	2,200,936
Net addition / disposal to capital assets	-	-	-	-	-	-
Transfer of proceeds from property sale	(8,000,000)	-	-	8,000,000	-	-
Transfer (Note 11)	-	339,786	-	(339,786)	-	-
Balance - end of year	\$ 3,716	\$ 533,863	\$ 40,000	\$ 12,309,107	\$ 12,886,686	\$ 5,249,886

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

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

**Statement of Cash Flows
For the Year Ended 30 June 2020**

	2020	2019
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses for the year	\$ 7,636,800	\$ 2,200,936
Items not involving cash		
Amortization of tangible capital assets	1,584	1,197
Amortization of deferred capital contributions - purchase of capital assets	(186)	(218)
Gain from property sale	(7,354,085)	(1,971,880)
	284,113	230,035
Changes in non-cash working capital balances		
GST receivable	2,330	(7,985)
Synod Mission Support receivable	40,044	4,045
Other receivable	-	2,200
Accounts payable and accrued liabilities	21,447	690
Synod Mission Support	(8,081)	15,174
	339,853	244,159
Investing activities		
Purchase of tangible capital assets	-	(4,389)
Additions to property held for sale	-	(22,394)
Net proceeds from disposal of property	8,000,000	4,054,033
Purchase of investments	(6,238,804)	(4,073,985)
	1,761,196	(46,735)
Financing activities		
Increase (decrease) in deferred contributions related to expenses of future periods - net	51,053	(15,108)
	2,152,102	182,316
Net increase in cash for the year	2,152,102	182,316
Cash - beginning of year	247,713	65,397
Cash - end of year	\$ 2,399,815	\$ 247,713

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

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2020

1. Organization

The British Columbia Synod of the Evangelical Lutheran Church in Canada (the “Synod”) is incorporated under the Societies Act (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. The Lutheran Campus Centre property was sold during the year.

(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 (Note 5).

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2020

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, 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, advances, amounts receivable and investments in life insurance policies.

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

The Synod's financial assets measured at fair market value include investments.

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
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2020

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) Property Held for Sale

Property held for sale in the prior year comprised of land and building of the Synod property, University Endowment Lands in Vancouver. The property was recorded at the lower of cost, being cost plus annual holding costs, and net realizable value. The property was sold during the current fiscal year.

(e) 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

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

(f) 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.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2020

2. Summary of Significant Accounting Policies - continued

(g) 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.

(h) Impairment of long-lived assets

The Synod tests long-lived assets for impairment when events or changes in circumstances indicate that their carrying value may not be recovered. When a tangible capital asset no longer contributes to the services provided by the Synod, its carrying amount is written down to its residual value. No impairment losses were determined by management to be necessary for the year.

3. Restrictions on Cash and Investments

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:

	2020	2019
Deferred contributions - expenses of future periods (Note 9(a))	\$ 257,900	\$ 206,847
Internally restricted net assets (Note 11)	533,863	209,433
Externally restricted net assets (Note 12)	40,000	40,000
	\$ 831,763	\$ 456,280

The cash and investments required to fund these commitments have 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.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2020

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.

6. Investments

Investments are comprised of the following:

	2020	2019
Cash and cash equivalents with broker	\$ 1,993,953	\$ 120,907
Fixed income securities	3,485,820	2,275,430
Equities	5,304,314	2,148,946
Total investments	\$ 10,784,087	\$ 4,545,283

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

During the year, the Synod paid investment management fees of \$53,411 (2019 - \$12,305) to the Evangelical Lutheran Foundation of Eastern Canada, a related party.

7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value	
			2020	2019
Furniture and equipment	\$ 63,424	\$ 62,170	\$ 1,254	\$ 1,568
Computer equipment	23,106	20,400	2,706	3,866
Vestments	8,200	7,203	997	1,108
	\$ 94,730	\$ 89,773	\$ 4,957	\$ 6,542

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2020

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”) held 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 was recorded in the financial statements at its fair market value of \$2,082,153. The property sold in the prior year. 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 assessed a revocation tax of \$85,499 for the disposition of assets. During the 2020 fiscal year, the revocation tax of \$85,499 was paid by the Synod to CRA. As of the audit report date the Synod believes this matter has been closed.

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.

	2020	2019
Opening balance - unexpended funds	\$ 18,142	\$ 2,968
Contributions received	199,877	161,633
Remittances made		
Designated and undesignated funds	8,364	16,346
CLWR	88,540	109,932
Compassionate Justice Fund	9,634	-
Lutheran Theological Seminary (Saskatoon)	1,173	1,769
Surrey Urban Mission	100,247	18,412
Total congregational support to other than Synod work	207,958	146,459
Ending balance - unexpended funds	\$ 10,061	\$ 18,142

At the year end, \$207,958 (2019 - \$146,459) was remitted and \$10,061 (2019 - \$18,142) 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 2020

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:

	<u>Opening Balance</u>	<u>2020 Contributions</u>	<u>2020 Expenditures</u>	<u>Closing Balance</u>
Church extension and capital fund (missional grant)	\$ 30,288	\$ 3,268	\$ 33,556	\$ -
Church extension and capital fund	91,116	105,293	22,259	174,150
Compassionate Justice Funds	-	792	-	792
Confirmation camp	7,983	3,384	6,068	5,299
ELCIC national convention	5,428	50	-	5,478
Lutheran Urban Mission Society Fund	11,678	-	-	11,678
Missional Learning Resource Fund	9,204	-	-	9,204
Stewardship Resource Fund	10,987	-	-	10,987
Student aid and endowment funds	-	43	43	-
Synod Committee, special projects	10,007	149	-	10,156
Synod Endowment Fund	30,000	-	-	30,000
Youth events	156	-	-	156
	<u>\$206,847</u>	<u>\$ 112,979</u>	<u>\$ 61,926</u>	<u>\$257,900</u>
Expense classification				
- missional renewal - missional grant			\$ 33,556	
- deferred contribution expenditure			<u>28,370</u>	
			<u>\$ 61,926</u>	

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.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2020

9. Deferred Contributions - continued

(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.

	2020	2019
Balance - beginning of year	\$ 1,427	\$ 1,645
Amortization	(186)	(218)
Balance - end of year	\$ 1,241	\$ 1,427

10. Investment in Tangible Capital Assets and Property Held for Sale

(a) Investment in tangible capital assets and property held for sale is calculated as follows:

	2020	2019
Tangible capital assets - net book value	\$ 4,957	\$ 6,542
Property held for sale	-	645,914
Deferred contributions - purchase of capital assets	(1,241)	(1,427)
	\$ 3,716	\$ 651,029

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

	2020	2019
Gain from property sale	\$ 7,354,085	\$ 1,971,880
Amortization of tangible capital assets	(1,584)	(1,197)
Amortization of deferred contributions related to tangible capital assets	186	218
	\$ 7,352,687	\$ 1,970,901

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2020

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	Student Aid	Congregational Support	Mission Renewal	Emerging Projects	Encouraging Innovation	Special Projects	Partnership Fund for Internship Support	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - beginning of year	3,894	(3,241)	7,401	21,267	180,112	-	-	-	-	-	-	209,433	30,356
Revenues	-	-	545	-	-	-	-	-	-	-	-	545	18,656
Expenses	(111)	(962)	(11,071)	(450)	(3,307)	-	-	-	-	-	-	(15,901)	(19,902)
Excess (deficiency) of revenues over expenses	(111)	(962)	(10,526)	(450)	(3,307)	-	-	-	-	-	-	(15,356)	(1,246)
Transfers	-	-	-	-	12,350	19,060	11,038	5,500	12,000	234,838	45,000	339,786	180,323
Balance - end of year	3,783	(4,203)	(3,125)	20,817	189,155	19,060	11,038	5,500	12,000	234,838	45,000	533,863	209,433

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 -	Canadian missions
Pastors study -	pastor study (recovery)
Capital asset contingency -	miscellaneous
Student aid -	student aid

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2020

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 which expires on 31 December 2020. The annual commitment remaining on this agreement is \$9,828.

14. Pension Plan

The Synod participates in a defined contribution multi-employer pension plan (the "Plan") administered by ELCIC Group Services Inc. The Synod and employees make monthly contributions to the Plan. The contribution is based on an annually determined contribution rate on the member's salary.

The Synod contributes 8% (2019 - 8%) and employees contribute 7% (2019 - 7%).

Pension plan expenses for the year ended 30 June 2020 amounted to \$34,892 (2019 - \$33,850).

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 2020:

(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 the prior year.

(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. There has been no change to the risk exposure from the prior year.

**BRITISH COLUMBIA SYNOD OF THE EVANGELICAL
LUTHERAN CHURCH IN CANADA**
Notes to the Financial Statements
For the Year Ended 30 June 2020

15. Financial Instruments - continued

(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. There has been no change to the risk exposure from the prior year.

(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. There has been no change to the risk exposure from the prior year.

16. Remuneration of Directors, Employees and Contractors

For the fiscal year ended 30 June 2020, the Synod had two employees with remuneration in excess of \$75,000. The total amount of said employees' remuneration was \$192,190 and is included in salaries and wages, and employee benefits. The directors of the Synod did not receive any remuneration during the 2020 fiscal year.

17. Impact of COVID-19

During the year, in March 2020, the World Health Organization declared the COVID-19 outbreak to be a public health emergency. This pandemic has caused an increase in economic uncertainty that has disrupted business operations around the world. At the date of the auditors' report, management has not yet been able to determinate the impact of the COVID-19 pandemic on future revenues, expenses, and operations.

18. 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 2020

	2020 Budget (unaudited)		2020		2019
Rental income					
North Burnaby Lutheran Centre	\$ -	\$ -	\$ -	\$	14,719
Oliver Lutheran Centre	-	-	-		-
	-	-	-		14,719
Rental expenses					
North Burnaby Lutheran Centre	-	-	-		9,779
Oliver Lutheran Centre	-	-	-		44
	-	-	-		9,823
Net rental income for the year	\$ -	\$ -	\$ -	\$	4,896

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

Schedule 2 - General and Administrative Expenses

For the Year Ended 30 June 2020

	2020 Budget (unaudited)		2020		2019
Missions through administration					
Bishop discretionary	\$ 3,000	\$	5,256	\$	2,502
Computer expenses	1,500		1,705		1,515
Employee benefits	50,500		59,267		58,057
GST expense	4,000		1,871		2,341
Office and equipment rent	20,000		19,878		19,455
Office supplies and printing	1,400		11,160		2,931
Postage	350		778		415
Professional fees and insurance	44,600				
Audit and accounting	-		38,032		36,092
Insurance	-		4,651		2,195
Legal - General	-		4,769		5,240
Legal - North Burnaby property	-		151		5,817
Salaries and wages	214,000		178,476		121,070
Synod Council	13,000		8,555		11,674
Synod travel	18,000		22,871		30,291
Telephone and fax	3,400		5,663		4,437
Training	3,000		672		4,104
Utilities and cleaning	3,500		4,416		4,914
	\$ 380,250	\$	368,171	\$	313,050