

**THE UNITED CHURCH OF CANADA
KENT PRESBYTERY**

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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KENT PRESBYTERY**

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AUDITORS' REPORT

To the Chairman and Members of the Board of
The United Church of Canada
Kent Presbytery

We have audited the accompanying financial statements of The United Church of Canada, Kent Presbytery, which comprise the statement of financial position as at December 31, 2010, and the statements of operations and changes in net assets 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 generally accepted accounting principles 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 audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Kent Presbytery derives revenue from public donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of donations revenue was limited to the amounts recorded in the records of the Kent Presbytery and we were not able to determine whether any adjustment might be necessary to donations revenue, excess of revenue over expenses, assets and fund balances.

Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The United Church of Canada, Kent Presbytery as at December 31, 2010, and of its operations and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

March 1, 2011

Bentley Kearney Ferguson LLP

Chartered Accountants
Licensed Public Accountants

**THE UNITED CHURCH OF CANADA
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STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

ASSETS	2010	2009
CURRENT		
Cash	\$ 83,904	\$ 78,123
Accounts receivable	1,917	514
	85,821	78,637
CAPITAL ASSETS (Note 2)	4,676	5,196
	\$ 90,497	\$ 83,833

LIABILITIES AND NET ASSETS

	2010	2009
CURRENT		
Accounts payable and accrued liabilities	\$ 5,941	\$ 1,779
NET ASSETS		
Investment in capital assets (Note 3)	4,676	5,196
Restricted	49,085	51,861
Unrestricted	30,795	24,997
	84,556	82,054
	\$ 90,497	\$ 83,833

APPROVED ON BEHALF OF THE BOARD

_____ **DIRECTOR**
 _____ **DIRECTOR**

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

**THE UNITED CHURCH OF CANADA
KENT PRESBYTERY**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010		2009
	Budget	Actual	Actual
REVENUE	\$ 123,093	\$ 126,287	\$ 106,734
EXPENSES			
Finance and administration	10,380	10,680	10,415
Ministry, personnel, education	8,250	10,579	8,049
Communications	5,500	5,057	5,000
Mission in Canada	43,715	42,718	42,294
United Church in Action	200	119	103
General	57,048	54,112	42,313
Amortization	-	520	577
	125,093	123,785	108,751
Transfers to (from) Reserve Funds	(2,000)	-	-
	123,093	123,785	108,751
EXCESS OF REVENUE OVER EXPENSES			
(EXPENSES OVER REVENUE)	\$ -	\$ 2,502	\$ (2,017)

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

**THE UNITED CHURCH OF CANADA
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STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Invested in Capital Assets	Restricted	Unrestricted	Total 2010	Total 2009
BALANCE , beginning of the year	\$ 5,196	\$ 51,861	\$ 24,997	\$ 82,054	\$ 84,071
Excess of revenue over expenses (expenses over revenue)	(520)	(2,776)	5,798	2,502	(2,017)
BALANCE , end of the year	\$ 4,676	\$ 49,085	\$ 30,795	\$ 84,556	\$ 82,054

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

THE UNITED CHURCH OF CANADA
KENT PRESBYTERY

SCHEDULE OF REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2010

REVENUE	2010		2009
	Budget	Actual	Actual
Assessments	\$ 123,093	\$ 123,092	\$ 103,486
Donations	-	2,124	945
Interest income	-	-	102
Miscellaneous	-	779	726
Covenanting services	-	292	1,475
	\$ 123,093	\$ 126,287	\$ 106,734

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

**THE UNITED CHURCH OF CANADA
KENT PRESBYTERY**

SCHEDULES OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010		2009
	Budget	Actual	Actual
FINANCE AND ADMINISTRATION			
Honourariums	\$ 7,100	\$ 7,100	\$ 7,100
Boundaries	50	-	-
Office supplies	250	272	498
Bank charges	75	229	51
Postage	175	115	103
Photocopier	430	351	374
Miscellaneous	-	-	84
Analysis of Honourariums	-	145	-
Professional fees	2,300	2,468	2,205
	\$ 10,380	\$ 10,680	\$ 10,415
MINISTRY, PERSONNEL, EDUCATION			
Pastoral relations	\$ 1,500	\$ 1,417	\$ 1,385
Presbytery Chaplain	6,000	5,094	5,519
Education and students	400	4,042	945
Pastoral Oversight	300	26	200
Pensions	50	-	-
	\$ 8,250	\$ 10,579	\$ 8,049
COMMUNICATIONS			
Resource centre	\$ 5,000	\$ 5,000	\$ 5,000
Newsletter	200	57	-
Web Page	200	-	-
Name tags	100	-	-
	\$ 5,500	\$ 5,057	\$ 5,000
MISSION IN CANADA			
Director of Camping and Youth Ministry	\$ 29,265	\$ 29,448	\$ 29,057
Youth Forum	1,350	870	910
Kenesserie Camp	12,000	12,000	12,000
Christian development	300	-	-
Leadership development	800	400	270
Newsletter	-	-	57
	\$ 43,715	\$ 42,718	\$ 42,294
UNITED CHURCH IN ACTION			
General	\$ 200	\$ 119	\$ 103

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

THE UNITED CHURCH OF CANADA
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SCHEDULES OF EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010		2009
	Budget	Actual	Actual
GENERAL			
London Conference fees	\$ 52,598	\$ 48,652	\$ 35,226
Hospital visitors program	3,000	1,250	2,875
Miscellaneous	1,450	3,918	2,737
Covenanting services	-	292	1,475
	\$ 57,048	\$ 54,112	\$ 42,313

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

OPERATIONS

The United Church of Canada, Kent Presbytery is composed of all the pastoral charges of the United Churches in the Chatham-Kent area. The Kent Presbytery ensures that the general objectives of the United Church of Canada are being met and assists its member churches wherever possible. These financial statements do not include the assets, liabilities, revenues or expenditures of the member churches. No provision is made for income taxes as the Kent Presbytery is a non-profit organization under the Income Tax Act and, as such, is exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for non-profit organizations. The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date, as well as revenue and expenses for the year. The Kent Presbytery regularly assesses these estimates and, while actual results may differ, management believes that the estimates are reasonable.

FUND ACCOUNTING

The Kent Presbytery follows the fund basis of accounting. The financial statements separately disclose the following funds maintained by the Kent Presbytery:

The unrestricted fund reflects activities associated with the Kent Presbytery's day-to-day operations.

The investment in capital assets reflects the activities associated primarily with the Kent Presbytery's capital requirements.

The restricted net assets of the The United Church of Canada, Kent Presbytery consists of funds restricted for the following purposes:

- (i) Students' fund is restricted for assisting students of the Presbytery's member churches enrolled in a theological program.
- (ii) Equipment fund is restricted for the purchase of equipment for the Kent Presbytery.
- (iii) Youth Ministry fund is restricted to assist in youth ministry.
- (iv) Lay Worship Leaders' fund is restricted to assist in the training of lay preachers.
- (v) SEED fund is restricted to fund visionary outreach projects approved by Kent Presbytery.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) FINANCIAL INSTRUMENTS

The following policies and assumptions were used to determine the fair value of each class of financial assets and financial liabilities.

Cash, marketable securities, accounts receivable, accounts payable and accrued liabilities:

The carrying amount of each item in this class is approximately equivalent to its fair value due to the approaching maturity of these financial instruments. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(c) REVENUE RECOGNITION

Revenue is recognized on the accrual basis at the time the assessments are charged and collectibility is reasonably assured.

(d) CAPITAL ASSETS

Capital assets are recorded at cost. Amortization is provided for at the rate of 10% per annum using the declining balance method.

2. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2010	Net 2009
Secretary's equipment	\$ 7,592	\$ 5,430	\$ 2,162	\$ 2,404
Resource Centre equipment	3,464	2,824	640	711
Presbytery equipment	3,500	1,626	1,874	2,081
	\$ 14,556	\$ 9,880	\$ 4,676	\$ 5,196

3. INVESTMENT IN CAPITAL ASSETS

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

	2010	2009
Capital assets	\$ 4,676	\$ 5,196

(b) Change in net assets invested in capital assets is calculated as follows:

	2010	2009
Excess of expenses over revenue, being Amortization of capital assets	\$ (520)	\$ (577)

**THE UNITED CHURCH OF CANADA
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NOTES TO THE FINANCIAL STATEMENTS

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4. RESTRICTED NET ASSETS

(a) Restricted net assets are calculated as follows:

	2010	2009
Cash	\$ 3,614	\$ 1,779
Due from unrestricted fund	45,471	50,082
	\$ 49,085	\$ 51,861

(b) Statement of changes in net assets - Restricted

	Restricted					Total	
	SEED	Students	Equipment	Youth Ministry	Lay Worship Leaders	2010	2009
REVENUES							
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102
Donations	-	275	-	264	1,585	2,124	945
	-	275	-	264	1,585	2,124	1,047
EXPENDITURES	-	4,000	-	-	900	4,900	2,100
CHANGE IN NET ASSETS	-	(3,725)	-	264	685	(2,776)	(1,053)
NET ASSETS, beginning of year	26,104	6,722	5,040	9,801	4,194	51,861	52,914
NET ASSETS, end of year	\$ 26,104	\$ 2,997	\$ 5,040	\$ 10,065	\$ 4,879	\$ 49,085	\$ 51,861

5. FINANCIAL STATEMENTS

A statement of cash flows has not been presented as the information is readily available in the other financial statements.