

**LAKESHORE ST. ANDREW'S
PRESBYTERIAN CHURCH**

FINANCIAL STATEMENTS

DECEMBER 31, 2007

LAKESHORE ST. ANDREW'S PRESBYTERIAN CHURCH
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DECEMBER 31, 2007

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REVIEW ENGAGEMENT REPORT

To the Members and Adherents **Lakeshore St. Andrew's Presbyterian Church**

We have reviewed the statement of financial position of Lakeshore St. Andrew's Presbyterian Church as at December 31, 2007 and the statements of operations and changes in fund balances and the statement of cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Hyatt Lassaline LLP

Chartered Accountants, Licensed Public Accountants

Windsor, Ontario
February 5, 2008

LAKESHORE ST. ANDREW'S PRESBYTERIAN CHURCH

STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

DECEMBER 31, 2007

	<u>Restricted</u>			2007 Total \$	2006 Total \$
	General Fund \$	Capital/Jump Fund \$	Program Fund \$		
CURRENT ASSETS					
Cash	124,183	169,741		293,924	211,704
Short-term investments (note 3)	31,926		5,000	36,926	127,625
Prepaid expenses					2,567
Accounts receivable	6,528	5,758		12,286	12,132
Cemetery investments (note 11)	11,455			11,455	
	174,092	175,499	5,000	354,591	354,028
CAPITAL ASSETS (note 4)		2,960,239		2,960,239	2,902,999
ASSETS UNDER CAPITAL LEASE (note 5)					
		17,408		17,408	29,014
DUE FROM GENERAL FUND					
			26,900	26,900	22,732
DUE FROM RESTRICTED FUND					
	177,361			177,361	149,687
	351,453	3,153,146	31,900	3,536,499	3,458,460
CURRENT LIABILITIES					
Demand loan (note 6)		730,000		730,000	790,000
Accounts payable and accrued liabilities	21,750	1,350		23,100	39,428
Debentures payable (note 7)		41,400		41,400	200,500
Current portion of long-term debt (note 8)		83,000		83,000	
Current portion of obligation under capital lease (note 9)		11,674		11,674	11,456
	21,750	867,424		889,174	1,041,384
DUE TO GENERAL FUND					
		177,361		177,361	149,687
DUE TO PROGRAM FUND					
	26,900			26,900	22,732
LONG-TERM DEBT (note 8)					
					89,000
OBLIGATION UNDER CAPITAL LEASE (note 9)					
					11,674
FUND BALANCES					
Invested in capital assets		2,111,573		2,111,573	1,829,383
Internally restricted net assets (note 10)		(3,212)	31,900	28,688	71,234
Restricted for cemetery (note 11)	11,455			11,455	
Unrestricted	291,348			291,348	243,366
	302,803	2,108,361	31,900	2,443,064	2,143,983
	351,453	3,153,146	31,900	3,536,499	3,458,460

APPROVED ON BEHALF OF SESSION:

_____ Clerk of Session

LAKESHORE ST. ANDREW'S PRESBYTERIAN CHURCH
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund		Restricted Funds				Grand Total	
	2007	2006	Capital/ Jump 2007	Program 2007	Total 2007	Total 2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Receipted givings	1,139,829	1,133,260	471,434		471,434	270,046	1,611,263	1,403,306
Non-receipted givings	28,866	34,713					28,866	34,713
Miscellaneous income	6,342	2,479	2,198		2,198	3,462	8,540	5,941
Program	20,641	23,292		21,745	21,745	23,330	42,386	46,622
Interfund transfers	2,000		30,000		30,000		32,000	
	1,197,678	1,193,744	503,632	21,745	525,377	296,838	1,723,055	1,490,582
Expenses								
Amortization			161,653		161,653	146,904	161,653	146,904
Bank charges	3,267	3,320					3,267	3,320
Consulting fees						37,811		37,811
Interest on long-term debt			73,160		73,160	78,618	73,160	78,618
Interfund transfers	30,000			2,000	2,000		32,000	
Loss on disposal of assets						5,899		5,899
Missions	28,400	28,600					28,400	28,600
Non-recoverable taxes	5,758	5,938	6,342		6,342	3,270	12,100	9,208
Occupancy costs, repairs and maintenance	92,672	89,142					92,672	89,142
Office	65,589	68,354					65,589	68,354
Presbytery and synod dues	13,828	13,500					13,828	13,500
Program	182,164	210,182	25,000	17,577	42,577	20,431	224,741	230,613
Salaries and benefits	727,593	728,807					727,593	728,807
	1,149,271	1,147,843	266,155	19,577	285,732	292,933	1,435,003	1,440,776
Excess (deficiency) of revenues over expenses	48,407	45,901	237,477	2,168	239,645	3,905	288,052	49,806
Fund balances, beginning of year	243,366	197,464	1,870,884	29,732	1,900,616	1,896,712	2,143,982	2,094,177
Cemetery acquisition (note 11)	11,030						11,030	
Fund balances, end of year	302,803	243,365	2,108,361	31,900	2,140,261	1,900,617	2,443,064	2,143,983

LAKESHORE ST. ANDREW'S PRESBYTERIAN CHURCH
STATEMENT OF CASH FLOWS
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Restricted</u>				
	General Fund \$	Capital/Jump Fund \$	Program Fund \$	2007 Total \$	2006 Total \$
CASH FLOWS FROM OPERATING ACTIVITIES:					
Excess (deficiency) of revenue over expenses	48,407	237,477	2,168	288,052	49,806
Amortization of capital assets		161,653		161,653	146,904
	48,407	399,130	2,168	449,705	196,710
Changes in non-cash working capital					
Decrease (increase) in accounts receivable	579	(732)		(153)	(1,881)
Increase (decrease) in prepaid expenses	2,567			2,567	(1,176)
Increase (decrease) in accounts payable and accrued liabilities	(14,540)	(1,789)		(16,329)	18,647
Net changes in non-cash working capital	(11,394)	(2,521)		(13,915)	15,590
	37,013	396,609	2,168	435,790	212,300
CASH FLOWS FROM INVESTING ACTIVITIES:					
Net purchase of capital assets		(207,287)		(207,287)	(57,421)
Acquisition of cemetery investments	11,030			11,030	
Decrease (increase) in due from (to) other funds	(23,506)	27,674	(4,168)		
	(12,476)	(179,613)	(4,168)	(196,257)	(57,421)
CASH FLOWS FROM FINANCING ACTIVITIES:					
(Decrease) in demand loan		(60,000)		(60,000)	(60,000)
(Decrease) in debentures payable		(159,100)		(159,100)	
(Decrease) in long-term debt		(6,000)		(6,000)	(41,000)
Increase (decrease) in lease obligations		(11,456)		(11,456)	23,130
		(236,556)		(236,556)	(77,870)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	24,537	(19,560)	(2,000)	2,977	77,009
CASH, BEGINNING OF YEAR	143,027	189,301	7,000	339,328	262,319
CASH AND EQUIVALENTS, END OF YEAR	167,564	169,741	5,000	342,305	339,328
REPRESENTED BY:					
Cash	124,183	169,741		293,924	211,703
Cemetery investments	11,455			11,455	
Short-term investments	31,926		5,000	36,926	127,625
	167,564	169,741	5,000	342,305	339,328

LAKESHORE ST. ANDREW'S PRESBYTERIAN CHURCH
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)
DECEMBER 31, 2007

1. PURPOSE OF THE ORGANIZATION

Lakeshore St. Andrew's Presbyterian Church is an unincorporated not-for-profit organization and is a registered charity under the Income Tax Act. The Church's mission is as follows:

Lakeshore St. Andrew's Presbyterian Church exists to encourage individuals to have a heart to follow hard after God through commitment, community, contribution and communication of the Good News.

2. SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The Church follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Church's program delivery and administrative activities. This fund reports unrestricted resources.

The Capital/Jump Fund (Building Fund) is composed of two parts:

- a) The Capital portion reports the assets, liabilities, revenues and expenses related to the Church's capital assets.
- b) The Jump campaign is established for the purpose of sponsoring a joint counselling centre, for the renovation of and addition to the current building and facilities, and for the paving of the parking lot.

The Program Fund includes the following:

The Memorial Fund which receives restricted donations in memory of deceased individuals. The funds are used at the discretion of the Church's Session to fund special projects, furnishings and equipment.

The We Care Fund which receives restricted donations. The funds are used at the discretion of the Congregational Care Team in collaboration with the Church's Session to assist people with special needs.

The Difference Makers Fund is also restricted and is included in these financial statements as part of the Program Fund.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as earned in the particular fund which holds the related asset.

LAKESHORE ST. ANDREW'S PRESBYTERIAN CHURCH
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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments, change in accounting policy

The Church has adopted the provisions of CICA Handbook Section 3855-Financial Instruments, Recognition and Measurement as of January 1, 2007. This section addresses the classification, recognition and measurement of financial instruments in the financial statements and the inclusion of any unrealized gains in net assets. As a result of the adoption of this new standard, there were no adjustments to investments or net assets as the unrealized gains at January 1, 2007 were negligible. The investments are classified as follows:

Short-term investments are classified as held-to-maturity because the Church has the intent and ability to hold these investments until maturity.

The cemetery investments are classified as available for sale because the Church does not intend to trade the investments to earn a short-term profit and has not elected to classify the investments as held-for-trading.

Unrealized gains and losses arising from changes in the fair market value of the cemetery investments are excluded from net income and are included in the net assets of the general fund until these gains and losses are realized or an other than temporary impairment is determined to have occurred.

The following methods were used to estimate fair market value of these financial instruments at the balance sheet date:

Short-term investments:	recorded at cost
Cemetery investments:	quoted market price

At December 31, 2007, the Church recorded a non-cash credit to net assets of \$ 117 representing the unrealized gain on cemetery investments up to year end.

Financial instruments

The Church's financial instruments consist of cash, short-term investment, cemetery investments, accounts receivable, demand loan, accounts payable, debentures payable, long-term debt and obligation under capital lease. Unless otherwise noted, it is the Session's opinion that the Church is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Cash, accounts receivable, demand loan, accounts payable and debentures payable are reported at their fair values at the balance sheet date. Their fair values are the same as their carrying values due to their short term nature.

The fair values of short-term investments are disclosed in their respective note to the financial statement. The fair value of long-term debt has not been determined as the dates to renew the debt are not known.

Interfund Amounts

Amounts due to/from funds are unsecured, non-interest bearing and have no specific terms of repayment.

Use of accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

LAKESHORE ST. ANDREW'S PRESBYTERIAN CHURCH
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3. SHORT TERM INVESTMENTS

The short term investments consists of a guaranteed investment certificate carried at cost bearing interest at a variable rate, which at the date of investment was 2.75% per annum and matures on February 15, 2007.

4. CAPITAL ASSETS

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided on a straight-line basis over the assets' estimated useful lives with a half year of amortization in the year of acquisition:

Building	40 years
Landscaping	10 years
Equipment - lawn and mechanical	3 years
- light and sound	10 years
- kitchen	10 years
- outside sign	10 years
- piano	20 years
- other	10 years
Furniture and fixtures	5 years
Computer hardware and software	3 years
Parking lot	10 years

The following is a summary of the capital assets and accumulated amortization:

	Cost		Accumulated Amortization		Net Book Value	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Land	510,033	510,033			510,033	510,033
Buildings	2,864,202	2,732,766	650,466	576,066	2,213,736	2,156,700
Landscaping	29,280	29,280	26,792	23,864	2,488	5,416
Equipment - lawn and mechanical	10,565	10,565	10,565	10,565		
- light and sound	310,273	265,824	196,373	167,569	113,900	98,255
- kitchen	36,741	36,741	31,503	27,829	5,238	8,912
- outside sign	37,893	37,893	31,158	27,369	6,735	10,524
- piano	65,481	65,481	26,986	23,986	38,495	41,495
- other	36,163	32,187	22,564	19,145	13,599	13,042
Furniture and fixtures	271,186	266,765	262,382	258,060	8,804	8,705
Computer hardware and software	16,814	14,224	12,010	7,815	4,804	6,409
Driveway and parking lot	225,378	204,962	182,971	161,454	42,407	43,508
	4,414,009	4,206,721	1,453,770	1,303,722	2,960,239	2,902,999

LAKESHORE ST. ANDREW'S PRESBYTERIAN CHURCH
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5. ASSETS UNDER CAPITAL LEASE

	Cost		Accumulated Amortization		Net Book Value	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Computer hardware and software	34,817	34,817	17,409	5,803	17,408	29,014

Assets under capital lease are amortized in the same manner as described in note 4.

6. DEMAND LOAN

	2007	2006
	\$	\$
RBC - Royal Bank instalment loan, prime +1%, payable upon demand. Principal is payable in equal monthly payments of \$5,000 in absence of demand. Secured by \$2,000,000 registered mortgage on land and building at 235 Amy Croft Drive, a general security agreement on all assets, and an assignment of insurance on all assets.	730,000	790,000

7. DEBENTURES PAYABLE

	2007	2006
	\$	\$
Lakeshore St. Andrew's RSP Debentures, varying denominations of \$100 face value, Series A, 6 1/2% mortgage debentures, unsecured, principal repayable on demand.	41,400	200,500

8. LONG-TERM DEBT

	2007	2006
	\$	\$
Lakeshore St. Andrew's, Series B Bonds, \$1,000 denominations, bearing interest at 6 1/2% per annum, unsecured, principal repayable at the Church's Session's discretion not later than November 1, 2008	83,000	89,000
Less: Current portion	83,000	
		89,000

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9. OBLIGATION UNDER CAPITAL LEASE

	2007	2006
	\$	\$
Lease, bearing interest at 11.1%, repayable in blended monthly instalments of \$1,121 secured by specific equipment and maturing December 2008.	11,674	23,130
<u>Less: current portion of obligation under capital lease</u>	<u>11,674</u>	<u>11,456</u>
		<u>11,674</u>

Total minimum lease payments due in the next year is as follows:

	\$
2008	12,332

Total principal payments due in the next year is as follows:

	\$
2008	11,674

10. INTERNALLY RESTRICTED NET ASSETS

Major categories of internally imposed restrictions on net assets are as follows:

	2007	2006
	\$	\$
Restricted related to capital jump fund	(3,212)	41,501
<u>Restricted related to programs</u>	<u>31,900</u>	<u>29,733</u>
	<u>28,688</u>	<u>71,234</u>

11. CEMETERY INVESTMENTS

During the year the Church assumed control of the cemetery investments. These investments are held in pooled funds of short-term investment bonds and Canadian and American equities. These investments are subject to market value fluctuations and the Church records these investments at market value as described in note 2. The Church has recorded the opening balance and change in fair market value as an increase in net assets in the current fiscal year. Investments at December 31, 2007 consist of the following:

	2007	2006
	\$	\$
Money market fund (cost \$547)	547	
Bond funds (cost \$8,652)	8,270	
North American equity fund (cost \$1,724)	2,213	
<u>Cash to be invested</u>	<u>425</u>	
	<u>11,455</u>	

LAKESHORE ST. ANDREW'S PRESBYTERIAN CHURCH
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12.LEASE COMMITMENTS

The Church has operating leases for office equipment leases which expire in 2009 and 2013. The expected minimum lease payments including taxes during each of the next five years are as follows:

	\$
2008	11,109
2009	5,522
2010	4,337
2011	4,337
2012	4,337