The National Accounts of
The United Church of Canada

December 31, 2024

The National Accounts of The United Church of Canada

December 31, 2024

Table of contents

INDEPENDENT AUDITOR'S REPORT

To the General Council of The National Accounts of The United Church of Canada

Opinion

We have audited the non-consolidated financial statements of The National Accounts of The United Church of Canada (the Entity), which comprise:

- the non-consolidated statement of financial position as at December 31, 2024
- the non-consolidated statement of operations for the year then ended
- the non-consolidated statement of changes in fund balances for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Entity as at December 31, 2024, and its non-consolidated results of operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity 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 opinion.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 the 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

____

The National Accounts of
The United Church of Canada

Non-consolidated statement of financial position
as at

(amounts in thousands of Canadian dollars)

	General Operating Funds	Trust and Endowment Funds	Annuity Funds	Property and Building Funds	**December 31, 2024** Total	December 31, 2023 Total
	$	**$**	**$**	**$**	**$**	$
Assets						
Current						
Cash	**2,215**	**-**	**694**	**-**	**2,909**	1,724
Accounts and contributions receivable (notes 5, 7 and 8)	**6,762**	**-**	**18**	**224**	**7,004**	8,006
Short-term investments (note 6)	**13,200**	**-**	**-**	**-**	**13,200**	12,200
Inventory	**207**	**-**	**-**	**-**	**207**	243
Other	**784**	**-**	**-**	**-**	**784**	687
	23,168	**-**	**712**	**224**	**24,104**	22,860
Due to/from (note 9)	**(38,302)**	**10,379**	**9,195**	**18,728**	**-**	-
Investments (note 9)	**88,523**	**-**	**3,664**	**-**	**92,187**	95,845
Investment in and advances to a wholly owned subsidiary (note 10)	**-**	**-**	**-**	**7,095**	**7,095**	7,547
Investment in and notes receivable from a business trust (note 11)	**-**	**-**	**-**	**14,500**	**14,500**	14,471
Loans (note 12)	**-**	**-**	**-**	**11,258**	**11,258**	8,955
Deferred costs (note 19)	**707**	**-**	**-**	**-**	**707**	163
Capital assets (note 14)	**-**	**-**	**-**	**2,649**	**2,649**	2,437
	74,096	**10,379**	**13,571**	**54,454**	**152,500**	152,278
Liabilities and fund balances						
Current						
Accounts payable and accrued liabilities (note 7)	**3,129**	**-**	**-**	**10**	**3,139**	2,966
Payable to annuitants (note 15)	**-**	**-**	**2,979**	**-**	**2,979**	2,979
Deferred contributions	**44**	**-**	**-**	**-**	**44**	74
Group insurance benefits plan liability (note 16)	**15,231**	**-**	**-**	**-**	**15,231**	15,341
Fund balances	**55,692**	**10,379**	**10,592**	**54,444**	**131,107**	130,918
	74,096	**10,379**	**13,571**	**54,454**	**152,500**	152,278

Commitments, guarantees, contingencies and subsequent event (notes 19, 20, 21 and 23)

Approved on behalf of the General Council Executive

Member of the Executive

Member of the Executive

The accompanying notes are an integral part of these non-consolidated financial statements

The National Accounts of
The United Church of Canada

Non-consolidated statement of operations
for the year ended

(amounts in thousands of Canadian dollars)

	General Operating Funds	Trust and Endowment Funds	Annuity Funds	Property and Building Funds	December 31, 2024 Total	December 31, 2023 Total
Revenue	**$**	**$**	**$**	**$**	**$**	$
Contributions (note 7)						
Congregations and individuals	**18,406**	**-**	**-**	**-**	**18,406**	18,789
Assessment	**11,774**	**-**	**-**	**-**	**11,774**	11,313
United Church Women	**492**	**-**	**-**	**-**	**492**	500
Legacies	**1,261**	**-**	**-**	**-**	**1,261**	9,447
Donations	**2,974**	**67**	**-**	**-**	**3,041**	4,154
Total contributions	**34,907**	**67**	**-**	**-**	**34,974**	44,203
Recovery of administrative costs (note 7)	**3,325**	**-**	**-**	**-**	**3,325**	3,167
Interest	**279**	**1**	**-**	**1,704**	**1,984**	1,595
Retail sales	**485**	**5**	**-**	**-**	**490**	457
Annuities	**-**	**-**	**160**	**-**	**160**	230
Grants	**635**	**223**	**-**	**-**	**858**	1,363
Other	**1,061**	**-**	**-**	**124**	**1,185**	1,257
Total revenue	**40,692**	**296**	**160**	**1,828**	**42,976**	52,272
Expenses						
Grants (note 7)	**16,431**	**603**	**-**	**1,468**	**18,502**	21,006
Staff costs	**22,066**	**86**	**-**	**-**	**22,152**	19,995
Resources	**1,320**	**3**	**-**	**19**	**1,342**	671
Travel and meeting	**2,020**	**25**	**-**	**1**	**2,046**	1,869
Office	**2,079**	**6**	**-**	**507**	**2,592**	2,438
Annuities	**-**	**-**	**899**	**-**	**899**	1,123
Professional fees	**2,319**	**9**	**-**	**600**	**2,928**	2,407
Property and insurance	**398**	**-**	**-**	**568**	**966**	1,073
Bank charges	**299**	**-**	**-**	**-**	**299**	308
Other	**414**	**-**	**-**	**307**	**721**	1,128
Total expenses	**47,346**	**732**	**899**	**3,470**	**52,447**	52,018
Surplus (deficit) before the following	**(6,654)**	**(436)**	**(739)**	**(1,642)**	**(9,471)**	254
Investment income	**1,908**	**267**	**629**	**664**	**3,468**	3,021
Change in fair value of investments	**4,889**	**1,414**	**(44)**	**1,941**	**8,200**	5,981
Investment expenses	**(95)**	**(91)**	**(3)**	**(64)**	**(253)**	(354)
Loss from a wholly owned subsidiary (note 10)	**-**	**-**	**-**	**(1,012)**	**(1,012)**	(972)
Loss from a business trust (note 11)	**-**	**-**	**-**	**(743)**	**(743)**	(421)
Change in payable to annuitants (note 15)	**-**	**-**	**-**	**-**	**-**	1,372
Surplus (deficit)	**48**	**1,154**	**(157)**	**(856)**	**189**	8,881

The accompanying notes are an integral part of these non-consolidated financial statements

The National Accounts of
The United Church of Canada

Non-consolidated statement of changes in fund balances
for the year ended

(amounts in thousands of Canadian dollars)

	General Operating Funds	Trust and Endowment Funds	Annuity Funds	Property and Building Funds	December 31, 2024 Total	December 31, 2023 Total
	$	$	$	$	$	$
Fund balances, beginning of year	**48,481**	**8,073**	**16,129**	**58,235**	**130,918**	112,744
Surplus (deficit)	**48**	**1,154**	**(157)**	**(856)**	**189**	8,881
Gain on capital assets sold to a business trust	**-**	**-**	**-**	**-**	**-**	13,328
Transfers (note 17)	**7,163**	**1,152**	**(5,380)**	**(2,935)**	**-**	(4,035)
Fund balances, end of year	**55,692**	**10,379**	**10,592**	**54,444**	**131,107**	130,918

The National Accounts of The United Church of Canada

Non-consolidated statement of cash flows for the year ended

(amounts in thousands of Canadian dollars)

	December 31, 2024	December 31, 2023
	$	$
Operating activities		
Surplus (deficit)	**189**	8,881
Non-cash items		
Change in fair value of investments	**(9,575)**	(7,326)
Provision for loans	**309**	1,094
Investment income	**(3,883)**	(3,565)
Investment expense	**252**	-
Change in payable to annuitants	**-**	(1,372)
Loss from a trust and wholly owned subsidiary	**1,755**	1,394
Accrued interest on trust and wholly owned subsidiary loans	**(1,343)**	(914)
Amortization	**482**	533
	(11,814)	(1,275)
Change, increase and (decrease), in non-cash working capital		
Accounts and contributions receivable	**1,002**	2,116
Inventory	**36**	(39)
Other	**(97)**	(416)
Accounts payable and accrued liabilities	**173**	951
Total cash provided by (used in) operating activities	**(10,700)**	1,337
Investing activities		
Withdrawal from investments	**16,864**	14,051
Short-term investments	**(1,000)**	(11,000)
Loans issued	**(3,511)**	(2,594)
Loans repayments	**910**	1,743
Deferred costs	**(544)**	(163)
Capital asset additions	**(694)**	(558)
Total cash provided by investing activities	**12,025**	1,479
Financing activities		
Deferred contributions	**(30)**	69
Group insurance benefit plan liability	**(110)**	(468)
Transfer to related entity	**-**	(4,035)
Total cash used in financing activities	**(140)**	(4,434)
Increase (decrease) in cash	**1,185**	(1,618)
Cash, beginning of year	**1,724**	3,342
Cash, end of year	**2,909**	1,724

1. The United Church of Canada

The United Church of Canada ("The United Church") was formed in 1925 through the union of three denominations – Congregationalist, Methodist, and part of the Presbyterian Church in Canada. The United Church's legal form is set out in the federal United Church of Canada Act of 1925. The United Church is registered as a charitable organization under the Income Tax Act (Canada) ("Income Tax Act") and is in compliance with the requirements of the Act to maintain its non-taxable status.

The purpose of The United Church is: (I) to offer the resources of faith to the people of Canada and Bermuda; (ii) to gather people into communities of faith for the public worship of God, for the proclamation of the Gospel of Jesus Christ, for a witness to justice and service in their communities; and (iii) to promote unity and justice among all people in Canada and throughout the world.

As a not-for-profit entity, The United Church's General Council Office operations are reliant on revenues generated annually. The United Church has accumulated unrestricted funds over its history, which are included in the General Operating Funds balance in the non-consolidated statement of changes in fund balances. A portion of the accumulated unrestricted funds is retained as working capital (current assets less current liabilities), which may be required from time to time due to timing delays in receiving its primary funding. The remaining unrestricted funds are available for the use of The United Church at the discretion of the General Council.

2. Basis of presentation

General

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") established by the Chartered Professional Accountants of Canada ("CPA Canada").

These non-consolidated financial statements include the assets, liabilities, revenues, expenses, and cash flows under the administration of Finance, General Council Office ("GCO"), on behalf of the General Council ("National Accounts") of The United Church and exclude the financial statements of certain institutions under the general supervision of various units of The United Church, regional councils and individual congregations. The United Church's wholly owned subsidiary, The United Property Resource Corporation ("UPRC") and its controlled business trust, the UCC Communities Trust ("UCCCT") are accounted for using the equity method (note 10 and 11 respectively).

The United Church oversees the activities of the regional councils and congregations in compliance with The United Church of Canada Act and The United Church's manual, and accounts for its transactions with the regional councils and congregations at exchange amount (note 7).

Fund accounting

The United Church uses the restricted fund method of reporting restricted donations. The funds are described as follows:

General Operating Funds

These funds record the day-to-day operations of the activities under the control of the GCO, which include governance and, development and delivery of programs to support: global mission and service; local communities and justice ministries; theological education; faith formation; and indigenous ministries. As part of its social justice and services to communities' mission work, The United Church raises and expends funds annually for major emergencies and social justice causes in Canada and in the world where it has established partner relationships. These funds include contributions, donations, bequests, grants and other receipts of The United Church for specific and general purposes, including services. The funds that have a specific purpose have no restrictions on the use of the initial contributions ("capital").

2. Basis of presentation (continued)

Fund accounting (continued)

Trust and Endowment Funds

The Trust and Endowment Funds have specific restrictions placed by the donors/settlers on the capital of the fund and the use of investment income accruing to the fund. On January 1, 2013, The United Church transferred all of its Endowment Funds and a large portion of its Trust Funds to The United Church of Canada Foundation ("The Foundation").

Annuity Funds

The Annuity Funds record The United Church's gift annuity program, under which donors, wishing to give to The United Church, its regional councils, congregations or programs, purchase a life annuity valued by an actuary. To minimize exposure to fluctuating market rates, a portion of the funds are invested in bonds, held to maturity, and the remaining portion in securities to better manage liquidity needs. Regular annuity payments are made and a liability for all such future payments is recognized on the non-consolidated statement of financial position under the caption "Payable to annuitants". Any residual amounts remaining on the annuitant's death are transferred to the General Operating Funds of The United Church or paid to the related beneficiaries, as designated by the donor.

Property and Building Funds

These are funds accumulated from: gifts; bequests; allocations from the General Operating Funds; and contributions from the founding churches at the time of union. These funds are used to provide capital assistance, by grant or loan, to congregations, camps, training centres, and other church related entities. These funds also include the capital assets of the GCO, the investment in and advances to UPRC (note 10) and the promissory notes to UCCCT (note 11).

3. Summary of significant accounting policies and practices

The significant accounting policies followed by The United Church with respect to The National Accounts are as follows:

(a) Cash includes cash in the bank at December 31, 2024 and Mission & Service donations deposited within the first 5 weeks of the following fiscal year are included in amounts and contributions receivable.

(b) Accounts and contributions receivable

Accounts and contribution receivables include trade receivables and Mission & Service donations received within the first 5 weeks of the following fiscal year.

(c) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. For subsequent measurement, The United Church has classified each of its financial instruments into the following accounting categories, which determines how the carrying value of each instrument is measured and accounted for.

3. Summary of significant accounting policies and practices (continued)

(c) Financial instruments (continued)

Asset/Liability	Measurement
Cash	Fair value
Accounts and contributions receivable	Amortized cost
Short-term investments	Amortized cost
Pooled investments	Fair value
Segregated investments	Fair value
Designated investments	Cost/Amortized cost
Advances to a wholly owned subsidiary	Cost
Notes receivable from a business trust	Cost
Loans	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Payable to annuitants	Fair value
Group insurance benefits plan liability	Fair value

The fair value of pooled and segregated investments is determined using quoted prices in active markets. Designated investments are social justice investments (note 9 (c)).

Financial assets are assessed annually for impairment and where there are indicators of impairment, The United Church determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount The United Church expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(d) Investment in a wholly owned subsidiary and business trust

Investments in a wholly owned subsidiary and a business trust are accounted for using the equity method as explained further in notes 10 and 11 respectively. Under the equity method of accounting, The United Church recognizes all earnings and losses from its wholly owned subsidiary and business trust. The investment is written down when, in the opinion of management, there has been a significant change in expected timing or amount of future cash flows from the investment.

3. Summary of significant accounting policies and practices (continued)

(e) Capital assets

Capital assets consist of leasehold improvements, office furniture and equipment, studio equipment, real property, mobile homes, and information technology hardware. Capital assets for office operations providing future benefits have been capitalized; those without future benefits are expensed in the year of acquisition. Leasehold improvements, office furniture and equipment, and studio equipment are amortized on a straight-line basis over their useful economic life, often being the term of the leased premises. Information technology hardware is being amortized on a straight-line basis over four years. Expenditure for real property and mobile homes which are long lived assets have been capitalized as to their nature; those consumed within the year are treated as repairs and expensed. Real property and mobile homes are being amortized on a straight-line basis at various rates depending on their nature and expected useful life ranging from 10 to 40 years. Capital assets are written down to fair value or replacement cost when the assets no longer contribute to the operations of The United Church, or when the future economic benefits or service potential of the assets are less than their net carrying amounts.

(f) Deferred costs

Deferred costs consist of expenditures to plan The United Church's move to new premises in 2026 and will be capitalized as leasehold improvements at the date of occupancy, as defined in the lease agreement.

(g) Group insurance benefits plan liability

The group insurance benefits plan is accounted for as a liability on the non-consolidated statement of financial position. As such, all remitted premiums exceeding claims, accepted under the terms of the plan, and all administrative and systems development costs are included in this balance. Investment income, expenses and change in fair value arising from the investment of the excess premiums are also included in the group insurance benefits plan liability.

(h) Revenue recognition

The United Church follows the restricted fund method of accounting for contributions as described in the non-consolidated statement of operations.

Restricted contributions and endowments are recognized as revenue of the appropriate restricted fund. When a restricted contribution is received for which, a restricted fund is not established, the contribution is deferred in the General Operating Funds and recognized as revenue when related expenses are incurred. Unrestricted contributions are recognized as revenue in the General Operating Funds when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Assessments are recognized as revenue when invoiced to the congregation on a monthly, quarterly or annual basis as agreed.

Legacies are recognized as revenue when the amount can be reasonably estimated, and collection is reasonably assured.

Donations include revenue from KAIROS: Canadian Ecumenical Justice Initiatives ("KAIROS"), a program of The United Church, comprising donations from other denominations, religious communities and individuals.

Donated capital assets are recorded at fair value when such value can be reasonably determined. The United Church has elected not to record the fair value of donated materials and services.

3. Summary of significant accounting policies and practices (continued)

(h) Revenue recognition (continued)

Recoveries of administrative costs include receipts for services or resources provided to entities based on a service agreement and are recorded as revenue as they are earned.

Interest, retail sales and other revenue are recognized when earned. Other revenue includes fee for services, property rental, property sale proceeds and miscellaneous revenue. Purchased annuities are recognized in the period in which the proceeds are received pursuant to an annuity agreement.

Grants include contributions primarily from partners and government.

Investment income includes interest and dividends. Change in fair value of investments includes net gains on the sale of investments and the change in unrealized net gains. Investment income and the change in fair value are recorded in the period and allocated to funds whose contributions were invested.

(i) Translation of foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange on the transaction date. Monetary assets and liabilities and the carrying value of investments are translated at the year-end rates of exchange. The realized and unrealized foreign exchange gains and losses arising from these transactions are included in change in fair value of investments.

(j) Pension plan disclosure

The United Church is the sponsor of a multi-employer, defined benefits pension plan whose participants include the regional councils, congregations and various affiliated entities. The United Church has elected to use financial statement disclosure compliant with that required for a defined contribution pension plan (note 18).

(k) Use of estimates

The preparation of non-consolidated financial statements requires The United Church to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Subsequent actual results could differ materially from such estimates. Significant estimates include the collection of assessments, the recoverability of loans, promissory notes receivable and advances to a subsidiary, the carrying value of capital assets, the valuation of annuities and the determination of the payable to external beneficiaries based on actuarial assumptions and formulae, and the investment in the wholly owned subsidiary and business trust.

(l) Guarantees

The United Church, when acting as a guarantor, discloses the nature of the guarantees, the maximum potential payments, and the current carrying amount of the liability for the non-contingent component of the guarantee, which is the obligation to stand ready to perform in the event that specified triggering events or conditions occur. The disclosure is made even if it is not probable that payment will be required under the guarantee or if the guarantee was issued with a premium payment or as part of a transaction with multiple elements.

4. Financial instruments risk disclosures

The main risks The United Church's non-consolidated financial instruments are exposed to consist of market risk (including interest rate risk, price risk and currency exchange risk), credit risk and liquidity risk. The Investment Committee (Finance) was formed by the Finance Advisory Committee of the GCO and has established a Statement of Investment Policies and Procedures ("SIPP"), which it uses to manage the above-noted risks. There have been no significant changes to the above noted risk exposures from 2023.

The following describes the various risks and how The United Church addresses such risks:

Market risk

Market risk is the risk the value of an investment will fluctuate as a result of changes in market prices. To mitigate the impact of market risk, The United Church invests in a diversified portfolio of investments within limits set out in the SIPP approved by the Finance Advisory Committee. Market risk is comprised of the following:

(a) *Interest rate risk*:

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or fair values of non-consolidated financial instruments. The United Church invests in interest bearing financial instruments, the values of which will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on cash and guaranteed investment certificates invested at short-term interest rates.

The United Church utilizes investment limits set out in the SIPP for fixed income investments that assist in controlling interest rate risk relative to a recognized bond benchmark in Canada.

(b) Price risk:

Price risk is the risk the value of investments will fluctuate as a result of changes in market prices, other than those arising from interest rate or currency risk, whether those changes are specific to an individual investment or factors affecting a broader range of investments traded in the market. The maximum price risk for an individual investment is that its value could decline to $nil.

To address price risk, The United Church invests in a prudent manner employing diversification by asset class, country, industry sector and by issuer within sectors relative to accepted benchmark indices. The short-term financial instruments (accounts receivable, accounts payable and accrued liabilities) are not subject to market risk.

(c) Currency exchange risk:

Currency exchange risk is the risk the fair value of a financial instrument will fluctuate due to changes in foreign currency exchange rates relative to the Canadian dollar. The United Church holds 33% (2023 – 12%) of its pooled investments in US dollars and, therefore, is subject to currency exchange risk. The portfolio construction policies used by the investment manager limit the total exposure to any one currency while ensuring investments are held in a number of different currencies. This diversification policy limits currency risk exposure.

4. Financial instruments risk disclosures (continued)

Credit risk

Credit risk is the risk one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The United Church is exposed to credit risk on accounts and contributions receivable and loans. The United Church has adopted a credit policy that includes the analysis of the financial position of its potential debtors. Management reviews the credit limits of its existing debtors regularly.

Liquidity risk

Liquidity risk is the risk The United Church could encounter difficulty in meeting obligations associated with operations as they come due. The United Church manages liquidity risk by identifying its expected cash requirements over the next twelve months and selling investments as required or draw on its credit facility with the bank. The United Church also holds cash and short-term securities to further ensure it meets its immediate obligations.

5. Accounts and contributions receivable

Accounts and contributions receivable include $3,888 (2023 - $3,896) of Mission & Service donations that were received within the first 5 weeks of the following fiscal year.

6. Short-term investments

Short-term investments comprise three guaranteed investment certificates totaling $13,200 (2023 - $12,200) used as collateral for an overdraft ($1,000), a loan ($200), and a letter of credit (USD $8,250 or CAD $11,467) for the insurance program.

7. Related party transactions and balances

Within the conciliar structure of The United Church, there are 16 regional councils, which exercise certain local responsibilities under the federal United Church of Canada Act 0f 1925 (“The UCC Act”) and The United Church's bylaws. The regional councils are registered charities under the Income Tax Act. They have no other independent legal status as they are part of the national corporation, The United Church. The GCO has an oversight role and significant influence over the regional councils and is ultimately responsible for any liabilities of the regional councils. The United Church provides grants, payroll administration, accounting, human resources and administrative services to these related parties at exchange amounts as part of normal operations.

The congregations, included in The UCC Act, are required to comply with the United Church Manual, which mandates the collection and remittance of congregant donations to the Mission & Service Fund to the GCO, annually. Denominational assessments are also levied and remitted annually to the GCO for the governance of the church.

In addition, The United Church has a relationship and governance agreement with The Foundation, a separate not-for-profit Canadian registered charity, which receives specific services from The United Church at exchange amount as part of normal operations. Similarly, UPRC, a wholly owned subsidiary, has a governance agreement and receives services from The United Church at exchange amounts as part of normal operations (2024 - $nil, 2023 - $4) (note 10).

(amounts in thousands of Canadian dollars)

7. Related party transactions and balances (continued)

A summary of related party transactions is as follows:

	2024	2023
	$	$
Revenue - Contributions	**30,672**	30,602
Recovery of administrative costs		
The United Church of Canada Pension Plan	**1,990**	1,818
The Foundation	**962**	823
Regional councils	**283**	407
Other	**-**	24
	3,235	3,072
Expenses - grants		
Operating grants to regional councils	**6,550**	6,550
Mission support grants to pastoral charges and other mission units (including staff costs)	**4,321**	5,623
	10,871	12,173

Contributions are received, for the most part, from related parties of The United Church including pastoral charges, individual congregations, all committees, councils and members of the church at large. Related parties provide virtually all contributions in the non-consolidated statement of operations.

As at year-end, accounts and contributions receivable from related parties were $5,331 (2023 - $6,288) net of a provision totaling $1,328 (2023 - $543); accounts payable and accrued liabilities to related parties were $1,076 (2023 - $344).

8. Government remittances

Government remittances consist of amounts such as sales taxes and payroll withholding taxes required to be paid to government authorities and are recognized when the amounts come due. At year-end, the accounts payable and accrued liabilities include only sales tax recoveries totaling $59 (2023 - $54) which were reclassified to accounts and contributions receivable for financial reporting purposes.

(amounts in thousands of Canadian dollars)

9. Investments

The United Church maintains a cash balance and an investment portfolio supporting the activity in each of the four funds which it manages using a due to/from account. There are no loans, terms or conditions for the operating activities across the funds. The investment portfolio consists of the following:

December 31,	**2024**	2023
	$	$
Pooled	**87,469**	90,623
Segregated	**3,664**	4,168
Designated	**1,054**	1,054
	92,187	95,845

(a) Pooled investments

The pooled investments are summarized as follows:

	2024		2023	
	$	**%**	$	%
Indirect holdings				
Bonds	**20,949**	**24**	17,638	20
Equities				
International	**28,569**	**33**	11,184	12
Canadian	**19,645**	**22**	27,172	30
EFT fund	**1,985**	**2**	1,770	2
	71,148	**81**	57,764	64
Direct holdings				
Equities - Canadian	**16,321**	**19**	32,859	36
	87,469	**100**	90,623	100

(b) Segregated investments

Certain investments are segregated to provide for annuity payments resulting from The United Church's Gift Annuity Program. These segregated investments are carried at fair value and are summarized as follows:

	2024		2023	
	$	**%**	$	%
Bonds				
Provincial	**607**	**17**	577	14
Government of Canada	**2,432**	**66**	2,533	61
Public utilities and corporations	**625**	**17**	1,058	25
	3,664	**100**	4,168	100

(amounts in thousands of Canadian dollars)

9. Investments (continued)

(c) Designated investments

Designated investments are social investments to which normal investment criteria cannot be applied. They are therefore accounted for separately. Income earned on these investments, as well as any gains or losses realized on their sale, is applied to the specific funds for which the investments are designated. These investments include specific securities given to The United Church with restrictions on their sale, and investments made for the purposes of The United Church, which have non-market rates of return or degrees of risk. The designated investments are summarized as follows:

	2024		2023	
	$	**%**	$	%
Oiko Credit (EDCS)	**999**	**95**	999	95
Stocks	**16**	**1**	16	1
Stripped bonds	**39**	**4**	39	4
	1,054	**100**	1,054	100

10. Investment in and advances to a wholly owned subsidiary

In July 2019, The United Church established and invested in a wholly owned real estate development corporation, UPRC, to redevelop church properties across Canada as part of its social justice ministry. UPRC develops and manages mixed income residential properties of The United Church when missionally appropriate and financially viable at the request of The United Church communities of faith, regional councils and other church related entities. UPRC does not hold property for its own account. The Canadian Mortgage and Housing Corporation ("CMHC") has also invested in UPRC subject to a mandate to build 5,000 affordable homes by December 31, 2034.

UPRC changed its accounting policy from full consolidation of its subsidiary Kindred Works Inc. ("KWI") to equity accounting for its investment in KWI. As a result, the UPRC's prior year loss increased $26 and was added to the current year loss for the purpose of accounting for the UPRC investment in these financial statements.

The United Church's investment in UPRC totaling $7,095 (2023 – $7,547) is comprised of:

a. an equity investment of $5,000 (2023 - $5,000) for 100 no par value common shares and $5,000 contributed surplus; and

b. a $7,026 demand loan (2023 - $6,466) with an interest rate of prime plus 2% per annum and a term of 5 years, renewable for additional two terms of 5 years. The loan is fully repayable at the end of the extended terms should they be granted. The loan includes accrued interest totaling $2,025 (2023 - $1,467). There are no repayment terms associated with the loan.

c. Cumulative losses from UPRC total $4,931 in 2024 (2023 - $3,919).

The United Church provided IT services to UPRC in the normal course of operations at exchange amounts. The total services invoiced to UPRC in the current year were $nil (2023 - $4).

The CMHC loan totaling $20,000 is a revolving demand loan facility with an interest rate of 2% per annum on drawn amounts with a term of 15 years starting July 3, 2020. The United Church has guaranteed this debt facility (note 20 (d)).

10. Investment in and advances to a wholly owned subsidiary (continued)

Summary statements of financial position, operations and retained earnings and cash flows is as follows:

United Property Resource Corporation
Statement of Financial Position

as at December 31,	**2024**	2023
(amounts in thousands of Canadian dollars)		(Unaudited)
	$	$
Total assets	**35,032**	35,099
Total liabilities	**29,210**	28,291
Total equity	**5,822**	6,808
Total liabilities and equity	**35,032**	35,099

Statement of Operations and Retained Earnings

for the year ended December 31,	**2024**	2023
(amounts in thousands of Canadian dollars)		(Unaudited)
	$	$
Revenues	**589**	937
Operating expenses	**(851)**	(1,287)
Operating loss	**(262)**	(350)
Interest expenses	**711**	707
Share of loss (income) from investment in associate	**13**	(59)
Total other expenses	**724**	648
Net loss	**(986)**	(998)
Opening retained earnings (deficit)	**1,808**	(3,008)
Excess of exchange amount over carrying value of assets transferred to related party	**-**	5,814
Closing retained earnings	**822**	1,808
Share capital and contributed surplus	**5,000**	5,000
Total equity	**5,822**	6,808

10. Investment in and advances to a wholly-owned subsidiary (continued)

Statement of Cash Flows		
for the years ended December 31,	**2024**	2023
(amounts in thousands of Canadian dollars)		(Unaudited)
	$	$
Net loss for the year	**(986)**	(998)
Changes in non-cash working capital	**(2,154)**	(3,545)
Total cash (used in) operating activities	**(3,140)**	(4,543)
Investing activities	**2,822**	(4,842)
Financing activities	**374**	-
(Decrease) in cash during the year	**56**	(9,385)
Cash at the beginning of the year	**788**	10,173
Cash at the end of the year	**844**	788

11. Investment in and notes receivable from a business trust

On June 27, 2023 the GCO established a business trust, the UCCCT in which it transferred two properties. The GCO took back two promissory notes totaling $14,530, bearing annual interest at 5% and payable in full on demand by the GCO. Annual accrued interest totaling $1,135 (2023 - $363) was capitalized to the investment in a business trust on the statement of financial position.

The GCO retains a beneficiary interest in UCCCT and control of UCCCT was deemed to reside with the GCO because of the GCO's ownership of UPRC, who in turn owns the trustee of UCCCT. The GCO has elected to equity account for its investment in UCCCT and has recorded a loss of $743 (2023 - $422) on the statement of operations which was capitalized to its investment on the statement of financial position.

The United Church's investment in UCCCT totaling $14,500 (2023 - $14,471) is comprised of:

a. Two promissory notes totaling $14,530 (2023 - $14,530)
b. Cumulative accrued interest of $1,135 (2023 - $363); and
c. Cumulative operating losses totaling $1,165 (2023 - $422).

UCCCT is a related party and, as such, the properties were recorded in their financial statements at the carrying value of the properties in the GCO totaling $1,202, which is lower than the agreed upon exchange amount based on an independently appraised value totaling $14,530. The difference totaling $13,326 was recorded as a Trust deficit on their balance sheet in 2023.

A summary of the unaudited balance sheet, statement of operations, statement of trustee's equity and statement of cash flows is as follows:

11. Investment in and notes receivable from a business trust (continued)

UCC Communities Trust

Balance Sheet

as at December 31, 2024, with comparative information for 2023

(amounts in thousands of Canadian dollars)

	2024	2023
	$	$
Total assets	**1,630**	1,706
Total liabilities	**16,121**	15,454
Trust deficit	**(14,491)**	(13,748)
Total liabilities and trust deficit	**1,630**	1,706

Statement of Operations

for the year ended December 31, 2024 with comparative information for the period from June 27, 2023 (date of formation) to December 31, 2023

(amounts in thousands of Canadian dollars)

	2024	2023
	$	$
Revenue	**463**	221
Expenses	**(1,206)**	(643)
Net loss	**(743)**	(422)

Statement of Trustee's Equity

for the year ended December 31, 2024 with comparative information for the period from June 27, 2023 (date of formation) to December 31, 2023

(amounts in thousands of Canadian dollars)

	2024	2023
	$	$
Trust deficit, beginning of the year	**(13,748)**	-
Loss for the year	**(743)**	(422)
Excess of exchange amount over carrying value of the revenue-producing properties purchased	**-**	(13,326)
Trust deficit, end of year	**(14,491)**	(13,748)

11. Investment in and notes receivable from a business trust (continued)

Statement of Cash Flows

for the year ended December 31, 2024 with comparative information for the period from June 27, 2023 (date of formation) to December 31, 2023

(amounts in thousands of Canadian dollars)

	2024	2023
	$	$
Loss for the year	**(743)**	(422)
Item not involving cash	**727**	342
Changes in non-cash working capital	**(16)**	35
Cash (used in) operating activities	**(32)**	(45)
Financing activities	**(43)**	548
Increase (decrease) in cash and cash equivalents	**(75)**	503
Cash and cash equivalents, beginning of year	**503**	-
Cash and cash equivalents, end of the year	**428**	503

12. Loans

Loans for congregational development have been made for the purposes of new churches, improving existing buildings, or for other mission purposes of the congregation. The United Church adjusts the repayment terms where needed. The United Church made a $3,000 loan to The Common Good Foundation Limited bearing interest at prime plus 1% with no fixed repayment terms (note 22). This loan is included in the table below under the caption “Other”.

	2024	2023
	$	$
Congregational	**11,966**	9,443
New church development/redevelopment	**1,283**	1,277
Other	**4,138**	4,055
Allowance for loans	**(6,129)**	(5,820)
	11,258	8,955

13. Credit facility

The United Church has a $12,000 credit facility that is due on demand, with interest at bank prime rate + 1%. This credit facility is secured by term deposits of the same amount (note 6). No amount was outstanding on this facility at December 31, 2024 and 2023.

(amounts in thousands of Canadian dollars)

14. Capital assets

Capital assets are comprised of the following:

			2024
	Cost	**Accumulated amortization**	**Net book value**
	$	**$**	**$**
Leasehold improvements	**1,719**	**1,627**	**92**
Office furniture and equipment	**977**	**905**	**72**
Studio equipment	**84**	**38**	**46**
Real property	**3,236**	**1,011**	**2,225**
Mobile homes	**97**	**78**	**19**
Information technology hardware	**533**	**338**	**195**
	6,646	**3,997**	**2,649**

			2023
	Cost	Accumulated amortization	Net book value
	$	$	$
Leasehold improvements	1,716	1,528	188
Office furniture and equipment	1,021	918	103
Studio equipment	84	28	56
Real property	4,301	2,439	1,862
Mobile homes	97	75	22
Information technology hardware	390	184	206
	7,609	5,172	2,437

(amounts in thousands of Canadian dollars)

15. Payable to annuitants

Donors wishing to give to The United Church, its congregations, courts or other programs have the option of purchasing a life annuity, valued by an actuary. To minimize exposure to fluctuating market rates, the funds are partially invested in bonds, which are held to maturity. A liability is recognized with respect to future contractual annuity payments to all annuitants and is included in payable to annuitants in the non-consolidated statement of financial position.

	2024	2023
	$	$
Investments	**3,664**	11,401
Cash	**694**	129
Due to/from and accounts receivable	**9,213**	18
Short term investments	**-**	7,560
Fund balance	**(10,592)**	(16,129)
Present value of payments to annuitants, end of year	**2,979**	2,979
Present value of payments to annuitants, beginning of year	**2,979**	4,351
Decrease in payable to annuitants	**-**	1,372

The most recent actuarial valuation was undertaken as at September 30, 2023. The usual extrapolation calculation no longer applies given the significant change in the relationship between equity and liabilities. As such, an estimate was made of the actuarial liability. No adjustment to liabilities, and revenue or expenses has been made for decretion of existing annuities or for the difference between fair value and the principal balance for new annuities purchased in the current year.

16. Group insurance benefits plan liability

The United Church is the sponsor for the group insurance benefits plan. All personnel working for The United Church and its affiliates and participating employers are required to support the group insurance benefits plan by remitting premiums that are used to pay claims accepted under the terms of the plan and all administrative and system development costs. The accumulated unused balance has been invested in The United Church's pooled investment portfolio and a portion of all investment income, expenses and change in fair value is included in the group insurance benefits plan liability in the non-consolidated statement of financial position.

	2024	2023
	$	$
Opening balance	**15,341**	15,809
Premiums received	**19,834**	19,248
Claims paid	**(18,345)**	(17,575)
Administration costs	**(1,649)**	(1,417)
Investment income	**415**	544
Investment expenses	**(177)**	(224)
Change in fair value of investments	**1,368**	1,344
Systems development costs	**(1,556)**	(2,388)
Closing balance	**15,231**	15,341

(amounts in thousands of Canadian dollars)

17. Net interfund transfers

Transfers in the non-consolidated statement of changes in fund balances relate to the transfer of proceeds of matured annuity funds to General Operating Funds; and grants from the General Fund (within the General Operating Funds) to the Healing Fund in the Trust Funds. Transfers from/to the General Operating Funds are used to support the activities of The United Church including program development and delivery, grants to church sponsored charities, and investment management fees applied to the underlying funds at 1% of the average 12 month valuation of each eligible fund.

During the year, a transfer totaling $699 (2023 - $754) was made from the KAIROS Justice Fund (included in the Trust and Endowments Funds) to the General Operating Funds (included in the General Funds) to adjust the investment balance to equal 110% of total cumulative contributions to December 31, 2024. As required under a joint project funding agreement with Global Affairs Canada, a transfer of $66 (2023 - $182) was made from the KAIROS Special Purpose Fund (within the General Operating Funds) to the Global Partnership Fund (included in the Trust and Endowments Funds) to support KAIROS's share of the Women of Courage, Peace and Security ("WPS") program. An additional transfer of $24 (2023 - $123) was made from the KAIROS Global Partnership Fund to the KAIROS General Operating Funds, for administration fees.

At year-end there was an update to the investment returns allocation methodology to the various funds, which resulted in a re-allocation of investment returns.

The interfund transfers are summarized below.

As at December 31,					**2024**	2023
	General Operating Funds	**Trust and Endowment Funds**	**Annuity Funds**	**Property and Building Funds**	**Total**	**Total**
	$	**$**	**$**	**$**	**$**	$
Investment returns allocation	**5,950**	**1,467**	**(4,757)**	**(2,660)**	**-**	-
Transfer to related entity	**-**	**-**	**-**	**-**	**-**	(4,035)
Justice Fund transfers to the General Fund	**699**	**(699)**	**-**	**-**	**-**	-
WPS program transfers	**(66)**	**66**	**-**	**-**	**-**	-
WPS admin transfers	**24**	**(24)**	**-**	**-**	**-**	-
Net interfund transfers	**556**	**342**	**(623)**	**(275)**	**-**	-
Total	**7,163**	**1,152**	**(5,380)**	**(2,935)**	**-**	(4,035)

(amounts in thousands of Canadian dollars)

18. The Pension Plan of The United Church of Canada ("the Plan")

The United Church is the sponsor of a multi-employer defined benefit pension plan. Members of the Plan include employees of congregations of The United Church, the employees of the General Council Office, and employees of various other organizations who are members of the Order of Ministry of The United Church of Canada and whose ministry is recognized by the courts of The United Church.

The cost of funding the Plan is shared by Plan members and participating employers. The rate of employer contributions to the fund in 2024 was 9.00% (2023 - 9.00%) of the pensionable earnings of each Plan member. The employer contributions paid in respect of current services rendered by employees of the General Council Office amounted to $2,342 in 2024 (2023 - $2,117). At the date of the most recent actuarial valuation on December 31, 2023, there was a surplus totaling $287,908, determined on a going-concern basis and a surplus of $297,475, determined on a hypothetical wind-up basis, as required under pension legislation.

19. Commitments

The United Church has renegotiated its lease agreement at 3250 Bloor Street West, Toronto to occupy approximately 17,718 square feet expiring on February 28, 2026. The GCO signed a long-term lease with a congregation to occupy 40,345 square feet of space for up to 15 years at 300 Bloor Street West in Toronto starting June 1, 2026. Two subleases have been executed for 23,696 square feet with two other Protestant denominations which will reduce the rental commitment to 16,649 square feet for The United Church. The resulting net annual base rent will be $316. Expenses incurred to plan and prepare for the move to the new premises totaled $707 in 2024 (2023 - $163) and have been included in deferred costs on the statement of financial position. The GCO and Ontario Regional Council Archives occupy space at 40 Oaks Community Hub in Toronto.

Lease payments for basic net rent are payable as follows:

	3250 Bloor Street West, Toronto	**300 Bloor Street West, Toronto**	**40 Oaks Community Hub, Toronto**	**80 Hayden St. Toronto**	**Total Basic Rent**
	$	**$**	**$**	**$**	**$**
2025	**420**	**-**	**158**	**91**	**669**
2026	**71**	**184**	**81**	**68**	**404**
2027	**-**	**316**	**-**	**-**	**316**
2028	**-**	**316**	**-**	**-**	**316**
2029	**-**	**316**	**-**	**-**	**316**
	491	**1,132**	**239**	**159**	**2,021**

The United Church signed agreements with vendors to operate a pension and group insurance administration system. The total commitments for this project and system for The United Church, extending over the next five years, are for: 2025 - $270; 2026 - $263; 2027 - $270; 2028 - $202; and 2029 - $54. These costs ($1,061) are recoverable from The Group Insurance Benefits program.

20. Guarantees

In the normal course of business, The United Church enters into agreements that meet the definition of a guarantee. The United Church's primary guarantees are as follows:

(a) The United Church has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements, The United Church agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, lawsuits, and damages arising during, on, or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Indemnity has been provided to all trustees, directors, officers, and volunteers of The United Church for various items including, but not limited to, all costs to settle suits or actions due to association with The United Church, subject to certain restrictions. The United Church has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined but is limited to the period over which the indemnified party served as a trustee, director, officer, or volunteer of The United Church. The maximum amount of any potential future payment cannot be reasonably estimated.

(c) In the normal course of business, The United Church has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements, and service agreements. These indemnification agreements may require The United Church to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

(d) The United Church has provided performance guarantees for debts and liabilities resulting from various capital projects financed by the CMHC totaling $20,000 (2023 - $20,000) of which $19,990 (2023 - $19,988) would be payable if The United Church were required to act on the outstanding guarantees as at December 31, 2024. Also, The United Church has provided a USD $8,250 (2023 – USD $8,250) letter of credit (note 22). No liability has been recorded in these non-consolidated financial statements as a result of these guarantees. The United Church did not receive a fee, nor does it hold any collateral assets. In the event the guarantees are called on by all or any of the banks, CMHC and the insurance services provider, The United Church is obligated to pay all outstanding debt, related interest and other costs. The United Church is not entitled to any recourse assets under the guarantee agreements.

The nature of these indemnification agreements and letter of credit prevents The United Church from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability that stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, The United Church has not made any significant payments under such or similar indemnification agreements, and therefore, no amount has been accrued in the non-consolidated statement of financial position with respect to these agreements or letter of credit.

21. Contingencies

The United Church is named as a defendant in lawsuits related to its activities. These claims are at various stages and therefore it is not possible to determine the merits of these claims or to estimate the possible financial liability, if any, to The United Church. Management believes these claims should not have a material adverse effect on the financial position of The United Church and, accordingly, no provision for loss in these non-consolidated financial statements has been recorded.

22. Captive insurance program

In 2022, The United Church, its congregations and related church entities began participating in an offshore captive insurance program in collaboration with its insurance service provider to better stabilize insurance expenses. The costs incurred for the structure were funded by the GCO and expensed. The United Church issued a letter of credit totaling USD $8,250, or CAD $11,467, for the benefit of the insurance company expiring on December 18, 2025. No funds were advanced under the letter of credit as at year-end.

The United Church also provided a $3,000 non-revolving loan to The Common Good Foundation Limited, the organization holding the investment in the captive insurance company to fund the set-up costs of the program. The loan has no fixed term of repayment and carries an annual interest rate of prime plus one above the Royal Bank of Canada prime interest rate, payable annually (note 12). The United Church currently has one director as representative on the board of directors of the captive insurance company to better inform the company as to the insurance needs of The United Church congregations. The United Church's relationship is one of customer with its insurance service provider. The United Church has no equity interest in any of the entities in the insurance program and has no control or significant influence over the operations, financing and strategic objectives of the structure.

23. Subsequent event

On March 18,2025, The United Church entered into a series of agreements with UPRC, its wholly owned subsidiary, and KWI, a subsidiary of UPRC, to allow for the restructuring of The United Church's governance over KWI and to release UCC from the guarantee to CMHC as described in note 20(d). As a result of the restructuring, UPRC amalgamated with KWI and continued operations as Kindred Works Inc. ("Amalco"). On May 30, 2025, Amalco and its shareholders entered into an amended and restated shareholders' agreement ("the Agreement"). Among other provisions, the Agreement revised the governance structure to provide that, in the event of a deadlock between The United Church directors and management directors, the management shareholders will have responsibility for the operations of the business, subject to certain material decisions requiring 80% shareholder approval. On May 30, 2025, Amalco also entered into an amended and restated loan agreement with the CMHC Affordable Housing Innovation Fund. Key changes to the loan agreement included the release of the UCC guarantee and a revision to certain covenants thereunder.

24. Comparative information

Certain comparative information in the non-consolidated financial statement notes was adjusted to conform with the current year presentation.