

**THE CHURCHWARDENS OF**  
**ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

DRAFT

**THE CHURCHWARDENS OF**  
**ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent auditors' report	1 - 3
Statement of fund balances	4
Statement of operations and changes in fund balances	5
Statement of cash flows	6
Notes to financial statements	7 - 11
Schedule of changes in other externally restricted resources - other funds	12
Schedule of changes in internally restricted resources - operating fund	13

## INDEPENDENT AUDITORS' REPORT

**To the Vestry of:  
The Churchwardens of St. Mary's Anglican Church, Richmond Hill**

### **Qualified Opinion**

We have audited the financial statements of The Churchwardens of St. Mary's Anglican Church, Richmond Hill, which comprise the statement of fund balances as at December 31, 2018, and the statement of operations and changes in fund balances and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter 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 Churchwardens of St. Mary's Anglican Church, Richmond Hill as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

### **Basis for Qualified Opinion**

As is the case with many charitable organizations, The Churchwardens of St. Mary's Anglican Church, Richmond Hill derives a portion of its revenue from the general public in the form of donations and fundraising which are not susceptible to complete audit verification. Accordingly, our verification of this revenue was limited to accounting for the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenses, assets or fund balances.

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 report. We are independent of The Churchwardens of St. Mary's Anglican Church, Richmond Hill in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 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 ASNFPO, 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 Churchwardens of St. Mary's Anglican Church, Richmond Hill'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 Churchwardens of St. Mary's Anglican Church, Richmond Hill or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Churchwardens of St. Mary's Anglican Church, Richmond Hill's financial reporting process.

## **INDEPENDENT AUDITORS' REPORT (Continued)**

### **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 qualified 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 qualified 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 Churchwardens of St. Mary's Anglican Church, Richmond Hill'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 Churchwardens of St. Mary's Anglican Church, Richmond Hill'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 Churchwardens of St. Mary's Anglican Church, Richmond Hill 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.

**INDEPENDENT AUDITORS' REPORT**  
**(Continued)**

- 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.

Chartered Professional Accountants  
*Licensed Public Accountants*

Ajax, Ontario  
**[Date]**

Hurren Sinclair MacIntyre CPA's LLP  
4-144 Old Kingston Road, Ajax, ON L1T 2Z9  
T: 905-683-8856 F: 905-683-3428 W: [www.hsmca.com](http://www.hsmca.com)

DRAFT

**THE CHURCHWARDENS OF  
ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**

**STATEMENT OF FUND BALANCES**

**AS AT DECEMBER 31, 2018**

	Operating Fund	Heritage Fund	Other Funds	Totals	
				2018	2017
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 125,487	\$ -	\$ 6,870	\$ 132,357	\$ 134,365
Marketable securities	-	23,732	-	23,732	23,623
Amount due from Operating Fund	-	6,699	-	6,699	14,341
HST receivable	5,539	-	-	5,539	2,922
Other assets	3,196	-	-	3,196	-
	<u>\$ 134,222</u>	<u>\$ 30,431</u>	<u>\$ 6,870</u>	<u>\$ 171,523</u>	<u>\$ 175,251</u>
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 21,243	\$ -	\$ -	\$ 21,243	\$ 19,350
Amounts due to Heritage Fund	6,699	-	-	6,699	14,341
Deferred revenue	47,250	-	-	47,250	-
	<u>75,192</u>	<u>-</u>	<u>-</u>	<u>75,192</u>	<u>33,691</u>
<b>FUND BALANCES</b>	<u>\$ 59,030</u>	<u>\$ 30,431</u>	<u>\$ 6,870</u>	<u>\$ 96,331</u>	<u>\$ 141,560</u>
<b>COMPOSITION OF FUND BALANCES</b>					
Unrestricted resources	\$ 31,911	\$ -	\$ -	\$ 31,911	\$ 28,099
Internally restricted resources	27,119	30,431	-	57,550	101,908
Externally restricted resources	-	-	6,870	6,870	11,553
	<u>\$ 59,030</u>	<u>\$ 30,431</u>	<u>\$ 6,870</u>	<u>\$ 96,331</u>	<u>\$ 141,560</u>

On behalf of the Wardens:

\_\_\_\_\_ Peoples' Warden

\_\_\_\_\_ Rector's Warden

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

**THE CHURCHWARDENS OF**  
**ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Operating Fund	Heritage Fund	Other Funds	Totals	
				2018	2017
<b>REVENUES</b>					
Donations and bequests	\$ 244,572	\$ -	\$ 34,830	\$ 279,402	\$ 263,703
St. Mary's ACW	2,690	-	-	2,690	2,225
Grant from Diocese	-	-	-	-	25,000
Federal grant	3,360	-	-	3,360	-
Use of facilities	187,629	-	-	187,629	174,737
Investment income	-	109	-	109	380
	<u>438,251</u>	<u>109</u>	<u>34,830</u>	<u>473,190</u>	<u>466,045</u>
<b>EXPENSES</b>					
Administration	28,266	-	-	28,266	24,970
Assessment	60,847	-	-	60,847	61,429
Building expenses	130,611	-	-	130,611	118,821
Capital expenditures (Note 2)	17,414	46,587	30,324	94,325	64,042
Committees expenses	15,034	-	-	15,034	9,684
Outreach	-	-	9,189	9,189	5,461
Staffing	180,148	-	-	180,148	155,473
	<u>432,320</u>	<u>46,587</u>	<u>39,513</u>	<u>518,420</u>	<u>439,880</u>
<b>Excess of revenues over expenses (expenses over revenues)</b>	5,931	(46,478)	(4,683)	(45,230)	26,165
<b>Fund balances, beginning of year</b>	53,099	76,909	11,553	141,561	115,395
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 59,030</u>	<u>\$ 30,431</u>	<u>\$ 6,870</u>	<u>\$ 96,331</u>	<u>\$ 141,560</u>

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

**THE CHURCHWARDENS OF**  
**ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Excess of revenues over expenses (expenses over revenues)	\$ (45,230)	\$ 26,165
Net change in non-cash working capital balances related to operations:		
HST receivable	(2,617)	(1,075)
Other assets	(3,196)	847
Accounts payable	1,894	5,402
Deferred revenue	47,250	-
	<u>(1,899)</u>	<u>31,339</u>
<b>Investing activities:</b>		
Increase in marketable securities	(109)	(380)
Increase (decrease) in cash and cash equivalents	(2,008)	30,959
Cash and cash equivalents, beginning of year	<u>134,365</u>	<u>103,406</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 132,357</u></u>	<u><u>\$ 134,365</u></u>

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



**THE CHURCHWARDENS OF  
ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**Status and purpose of the Organization**

The Churchwardens of St. Mary's Anglican Church, Richmond Hill is a registered charity exempt from income taxes under Section 149(1)(f) of the *Income Tax Act*.

The objectives of the Church, as set out in The Mission Statement of The Diocese Toronto, are:

"To worship God and proclaim Jesus Christ in the power of the Holy Spirit and to embody - in word and action - God's reconciling love, justice, compassion and resurrection - through which knowledge of God's reign is extended."

In accordance with its objectives, the Church provided services of worship and religious instruction, and provided spiritual and social services during the year.

**1. Summary of significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

a) Fund Accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Churchwardens of St Mary's Anglican Church, Richmond Hill ("the Church"), the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the churchwardens. For financial reporting purposes the accounts have been classified into the following funds:

- (i) Operating Fund accounts for the Church's general operations. These funds may be used for any purposes that are consistent with the objectives of the Church.
- (ii) Heritage Fund accounts for the Church's use of general bequests, inter-vivos gifts, capital gifts and proceeds from life insurance policies. This money is invested at the Warden's discretion at a bank or trust company in Richmond Hill. The object and purpose of the fund is to repair and renovate parish buildings and to perpetuate the Parish and its mission in the Town of Richmond Hill and outreach mission beyond so long as said Parish exists as a viable and on-going one.
- (iii) Other Funds account for specific gifts from donors which can be used only for the purposes specified by those donors. These funds include:

- Outreach
- Faithworks
- Capital project
- Rectory repairs
- Green team
- Food bank
- Adopt a family

**THE CHURCHWARDENS OF**  
**ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**1. Summary of significant accounting policies (continued)**

b) Revenue Recognition

(i) Donations and Bequests

The Church follows the restricted fund method whereby externally restricted donations and bequests are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenues in the operating fund. Donations and bequests are recognized when received.

(ii) Contributions from St. Mary's Anglican Church Women (ACW)

Contributions from St. Mary's ACW are recognized as revenue of the operating fund when received, unless otherwise specified by St. Mary's ACW.

(iii) Use of Facilities

Rent and contributions received related to the use of the Church's facilities are recognized as revenue of the operating fund. Rental revenue is recognized in the period to which it relates. Other such contributions are recognized when received.

(iv) Investment Income

Investment income is recognized as revenue as it is earned in the fund to which it relates.

c) Marketable Securities

Marketable securities are recorded at fair market value.

d) Capital Assets

The Church follows the policy of recording capital assets as expenses in the year they are acquired.

e) Contributed Services

Volunteers contribute their time to assist the Church in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**THE CHURCHWARDENS OF**  
**ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**1. Summary of significant accounting policies (continued)**

f) Financial Instruments

The Church initially measures its financial assets and financial liabilities at fair value. The Church subsequently measures all its financial assets and financial liabilities at amortized cost except for marketable securities quoted in an active market (mutual funds), which it measures at fair value. Changes in fair value are recognized in the statement of operations. Financial assets measured at amortized cost include cash and cash equivalents, HST recoverable, amounts due from other funds and other assets. Financial liabilities measured at amortized cost include accounts payable and amounts owing to other funds.

g) Cash and Cash Equivalents

The Church's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition as cash and cash equivalents.

h) Pension Plan

The Church participates in a multi-employer pension and group plan administered by the Incorporated Synod of the Diocese of Toronto. The participation in the multi-employer plan is accounted for following the standards of defined contribution plans

i) Use of Estimates

In preparing the Church's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses. These estimates are periodically reviewed and, accordingly, adjustments made to these estimates are taken into operations in the year in which it is determined. These estimates are subject to measurement uncertainty, and actual results could differ from those estimates. Estimates are used when accounting for certain items such as accounts payable accruals.

**THE CHURCHWARDENS OF**  
**ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**2. Capital expenditures charged to the statement of operations**

Capital assets of the Church include church equipment and furnishings and residential real estate for the accommodation of the Rector. The church building and the land on which it is situated is owned by the Diocese of Toronto. However, repairs and replacements to the church building are the responsibility of the Church and costs relating thereto are recorded in the statement of operations as the costs are incurred. Capital expenditures charged to the statement of operations in the period include the following:

	2018	2017
Operating Fund		
Audio/video equipment	\$ 5,900	\$ 28,242
Furniture and fixtures	6,512	1,574
Building upgrades	5,002	2,581
	<hr/> 17,414	<hr/> 32,397
Heritage Fund		
Building restoration	46,587	-
Other Funds		
Building restoration	30,324	31,645
	<hr/> \$ 94,325	<hr/> \$ 64,042

DRAFT

**THE CHURCHWARDENS OF**  
**ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**3. Financial instruments**

Risks and concentrations

The Church is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a description of the Church's risk exposure at December 31, 2018. There are no material differences in risks versus those of the previous year.

Credit risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. The Corporation places its operating cash and reserve cash and investments with high quality, government-backed institutions and believes its exposure is not significant. The Corporation credit risk from owners' assessment fees receivable is also not significant given the ability of the Corporation to place a lien on a unit for outstanding fees and limited financial exposure in a multi-unit condominium.

Liquidity risk

Liquidity risk is the risk that the corporation will not be able to meet its obligations as they become due. The Corporation manages this risk by establishing budgets and funding plans and by levying sufficient owners' assessments to fund its operating expenses and the necessary contributions to the reserve fund. Cash is held in an interest bearing account which provides a rate of return as well as liquidity.

Interest rate risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in the fair value of future cash flow of financial instruments due to changes in market interest rates. The Corporation is exposed to this risk through its interest bearing investments. The Corporation manages this risk through investing in fixed-rate securities of short to medium term maturity and plans to hold the securities to maturity.

**THE CHURCHWARDENS OF**  
**ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**

**SCHEDULE OF CHANGES IN OTHER EXTERNALLY RESTRICTED RESOURCES**  
**- OTHER FUNDS**

**DECEMBER 31, 2018**

	2018 Opening Balances	2018 Revenues	2018 Expenses	2018 Transfers	2018 Closing Balances
Outreach	\$ 3,561	\$ 3,328	\$ 2,162	\$ (257)	\$ 4,470
Faithworks	-	1,465	1,465	-	-
Capital project	7,788	22,536	30,324	-	-
Rectory repairs	-	2,300	-	-	2,300
Green team	-	1,342	1,342	-	-
Food bank	-	1,320	1,220	-	100
Adopt a family	-	2,540	3,000	257	(203)
	<u>\$ 11,349</u>	<u>\$ 34,831</u>	<u>\$ 39,513</u>	<u>\$ -</u>	<u>\$ 6,667</u>

	2017 Opening Balances	2017 Revenues	2017 Expenses	2017 Transfers	2017 Closing Balances
Outreach	\$ 3,246	\$ 2,321	\$ 2,006	\$ -	\$ 3,561
Faithworks	(65)	660	595	-	-
Capital project	-	39,433	31,645	-	7,788
Rectory repairs	-	-	-	-	-
Green team	-	-	-	-	-
Food bank	-	560	560	-	-
Adopt a family	198	2,305	2,300	-	203
	<u>\$ 3,379</u>	<u>\$ 45,279</u>	<u>\$ 37,106</u>	<u>\$ -</u>	<u>\$ 11,552</u>

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

**THE CHURCHWARDENS OF**  
**ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL**

**SCHEDULE OF CHANGES IN INTERNALLY RESTRICTED RESOURCES**  
**- OPERATING FUND**

**DECEMBER 31, 2018**

	2018 Opening Balances	2018 Revenues	2018 Expenses	2018 Transfers	2018 Closing Balances
Family ministries	\$ 20,000	\$ 7,119	\$ -	\$ -	\$ 27,119
Chapel renovations	5,000	-	5,000	-	-
	<u>\$ 25,000</u>	<u>\$ 7,119</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 27,119</u>
	2017 Opening Balances	2017 Revenues	2017 Expenses	2017 Transfers	2017 Closing Balances
Family ministries	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000
Chapel renovations	-	-	-	5,000	5,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>

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