

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

DRAFT

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S 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 (the "Church"), which comprise the statement of fund balances as at December 31, 2020, and the statements of operations and changes in fund balances and 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 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 Church as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Church derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Church. Therefore, we were unable to determine whether any adjustments might be necessary to donation and bequest revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and December 31, 2019, current assets and net assets as at December 31, 2020 and December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 Church'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 Church or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Church'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 these financial statements.

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

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

**INDEPENDENT AUDITOR'S REPORT
(continued)**

- ♦ 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 Church'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 Church to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants
Licensed Public Accountants

Ajax, Ontario
Enter date for report

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

STATEMENT OF FUND BALANCES

AS AT DECEMBER 31, 2020

	Operating Fund	Heritage Fund	Other Funds	2020	2019
ASSETS					
Current					
Cash and cash equivalents	\$ 197,737	\$ -	\$ 2,265	\$ 200,002	\$ 196,271
Marketable securities	-	27,333	-	27,333	25,054
Amount due from Operating Fund	-	1,658	-	1,658	9,829
HST receivable	6,118	-	-	6,118	2,592
Federal grant receivable (Note 5)	8,082	-	-	8,082	-
Other assets	284	-	-	284	3,215
	212,221	28,991	2,265	243,477	236,961
Long term					
Capital assets (Note 2)	54,169	9,380	-	63,549	-
	<u>\$ 266,390</u>	<u>\$ 38,371</u>	<u>\$ 2,265</u>	<u>\$ 307,026</u>	<u>\$ 236,961</u>
LIABILITIES					
Current					
Accounts payable	\$ 27,187	\$ -	\$ -	\$ 27,187	\$ 21,449
Amounts due to Heritage Fund	1,658	-	-	1,658	9,829
Deferred revenue (Note 3)	53,225	-	-	53,225	61,130
Trust obligation (Note 4)	40,000	-	-	40,000	40,000
	122,070	-	-	122,070	132,408
FUND BALANCES					
Unrestricted resources	87,748	-	-	87,748	31,633
Internally restricted resources	56,572	38,470	-	95,042	67,602
Externally restricted resources	-	-	2,265	2,265	5,318
	144,320	38,470	2,265	185,055	104,553
	<u>\$ 266,390</u>	<u>\$ 38,470</u>	<u>\$ 2,265</u>	<u>\$ 307,125</u>	<u>\$ 236,961</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, 2020

	Operating Fund	Heritage Fund	Other Funds	2020	2019
REVENUES					
Donations and bequests	\$ 236,671	\$ 4,792	\$ 9,791	\$ 251,254	\$ 275,716
Use of facilities	167,268	-	-	167,268	194,889
Grant from Diocese	47,250	-	-	47,250	33,000
Jubilee grant	39,444	-	-	39,444	-
Federal grant (Note 5)	25,197	-	-	25,197	-
St. Mary's ACW	2,500	-	-	2,500	600
Investment income	-	2,278	-	2,278	1,322
	<u>518,330</u>	<u>7,070</u>	<u>9,791</u>	<u>535,191</u>	<u>505,527</u>
EXPENSES					
Administration	31,415	-	-	31,415	31,389
Amortization	3,142	494	-	3,636	-
Assessment	69,042	-	-	69,042	67,100
Building expenses	130,420	-	-	130,420	138,621
Capital expenditures (Note 6)	-	3,088	-	3,088	61,157
Committee expenses	15,689	-	-	15,689	20,547
Outreach	887	-	8,991	9,878	6,928
Staffing	191,624	-	-	191,624	171,563
	<u>442,219</u>	<u>3,582</u>	<u>8,991</u>	<u>454,792</u>	<u>497,305</u>
Excess of revenues over expenses	76,111	3,488	800	80,399	8,222
Fund balances, beginning of year	64,356	34,883	5,318	104,557	96,331
Interfund transfers	3,853	-	(3,853)	-	-
Fund balances, end of year	<u>\$ 144,320</u>	<u>\$ 38,371</u>	<u>\$ 2,265</u>	<u>\$ 184,956</u>	<u>\$ 104,553</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, 2020

	2020	2019
Cash provided by (used in)		
Operating activities:		
Excess of revenues over expenses	\$ 80,399	\$ 8,222
Adjustments for non-cash items:		
Amortization	3,636	-
Change in non-cash working capital items		
HST receivable	(3,526)	2,947
Accounts receivable	(8,082)	-
Other assets	2,445	(19)
Accounts payable	6,228	206
Deferred revenue	(7,905)	13,880
Trust obligation	-	40,000
	73,195	65,236
Investing activities:		
Capital assets	(67,186)	-
Increase in marketable securities	(2,278)	(1,322)
	(69,464)	(1,322)
Increase in cash	3,731	63,914
Cash and cash equivalents, beginning of year	196,271	132,357
Cash and cash equivalents, end of year	\$ 200,002	\$ 196,271

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

Status and purpose of the Organization

The Churchwardens of St. Mary's Anglican Church, Richmond Hill (the "Church") 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. 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) Change in accounting policy

The Church has adopted the requirements of Section 4433 - Tangible capital assets held by not-for-profit organizations, on account that the average annual revenues of the Church over the last two years has exceeded \$500,000. This change was accounted for prospectively effective during the current fiscal year

(b) Fund accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to 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.

THE CHURCHWARDENS OF ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Significant accounting policies (Continued)

(b) Fund accounting (Continued)

(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

(c) 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.

THE CHURCHWARDENS OF ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Significant accounting policies (Continued)

(c) Revenue recognition (Continued)

(v) Federal grant

Federal grants are transfers of resources to an entity by government in response to the negative impact caused by the COVID-19 pandemic. The recipient entity has to meet certain eligibility criteria relating to the government assistance that it is applying for. Government assistance amounts shall be recognized when there is reasonable assurance that:

- The entity has complied with the conditions attached to the government assistance measure(s) applied for; and
- The government assistance will be received.

(d) Marketable securities

Marketable securities are recorded at fair market value.

(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.

(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, amounts due from other funds, federal grant receivable, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Significant accounting policies (Continued)

(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 useful life of capital assets and accounts payable.

(j) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided annually at the following rates and methods over the established useful lives of the assets as follows:

Building improvements	Straight-line	10 years
Computer equipment	Straight-line	5 years

The Church reviews for impairment of capital assets whenever events or change in circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the assets, an impairment loss is recognized during the year the impairment occurs.

The costs of the original land and building have not been capitalized in these financial statements. Under Church Law (Canon 6) land and building cannot be sold or encumbered without the consent of the Bishop and the Diocesan Council.

2. Capital assets

The composition of capital assets is as follows:

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Building improvements	\$ 61,656	\$ 3,083	\$ 58,573	\$ -
Computer equipment	5,529	553	4,976	-
	<u>\$ 67,185</u>	<u>\$ 3,636</u>	<u>\$ 63,549</u>	<u>\$ -</u>

The amortization expense for the year is \$3,636 (2019 - \$Nil).

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

3. Deferred revenue

Deferred revenue represents a Family Ministries grant received from the Diocese of Toronto.

Changes in the deferred revenue during the year are as follows:

	2020	2019
Beginning balance	\$ 61,130	\$ 47,250
Add: Amount received in the year	39,345	46,880
Less: Amount expensed in the year	47,250	33,000
	<u>\$ 53,225</u>	<u>\$ 61,130</u>

4. Trust obligation

The Church entered into a sponsorship agreement for a refugee family. These funds are held in trust for the family and will be released to the family upon their arrival in Canada.

5. Federal grant

The Church applied for and received subsidies for salary and wages from the Federal Government under the Canada Emergency Wage Subsidy program in response to the COVID-19 pandemic. The amounts have been recognized as income pursuant to the accounting policy outlined in Note 1(c)(v) and are reported as a separate revenue source on the statement of operations. Included in the Federal grant revenue is \$8,082 in funding that was receivable at the year end date.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

6. 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. This policy was in effect for all fiscal years ending December 31, 2019.

Capital expenditures charged to the statement of operations in the period include the following:

	2020	2019
Operating Fund		
Audio/video equipment	\$ -	\$ 33,731
Building upgrades	-	19,758
Furniture and fixtures	-	5,368
	-	58,857
Other Funds		
Building restoration	-	2,300
	\$ -	\$ 61,157

7. Interfund transfers

The Church received restricted donations for the Family Fund. The funds were transferred to the Operating fund as the fund manages the Family Fund.

8. 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, 2020. There are no material differences in risks versus those of the previous year.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Church is exposed to credit risk with respect to the term deposits. The Church has no significant exposure to this risk.

THE CHURCHWARDENS OF ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

8. Financial instruments (Continued)

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly in respect of its accounts payable.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Church has \$27,332 invested in bond related mutual funds. Due to the nature of the investments, the Church has no significant exposure to this risk.

9. Subsequent events

On January 14, 2021, the Province of Ontario declared a second state of emergency in an effort to manage the spread of the COVID-19 virus. The Church has not reduced its operations nor its service levels; however, it is possible that the Province may make subsequent declarations, which may have an impact on future operations. It is not possible to reliably estimate the length or severity of subsequent declarations and their financial impact to the Church as of the date of approval of these financial statements. Management continues to monitor and manage its liquidity during this pandemic period.

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

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

DECEMBER 31, 2020

	2020 Opening Balance	Revenue	Expenses	Transfers	2020 Closing Balance
Outreach	\$ 4,608	\$ 2,040	\$ (4,076)	\$ (500)	\$ 2,072
Faithworks	-	840	(840)	-	-
Food bank	100	1,290	(1,800)	500	90
Adopt a family	610	1,768	(2,275)	-	103
	<u>\$ 5,318</u>	<u>\$ 5,938</u>	<u>\$ (8,991)</u>	<u>\$ -</u>	<u>\$ 2,265</u>

	2019 Opening Balance	Revenues	Expenses	Transfers	2019 Closing Balance
Outreach	\$ 4,470	\$ 3,731	\$ (3,593)	\$ -	\$ 4,608
Faithworks	-	935	(935)	-	-
Rectory repairs	2,300	-	(2,300)	-	-
Food bank	100	900	(900)	-	100
Adopt a family	-	2,110	(1,500)	-	610
	<u>\$ 6,870</u>	<u>\$ 7,676</u>	<u>\$ (9,228)</u>	<u>\$ -</u>	<u>\$ 5,318</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, 2020

	2020 Opening Balance	Revenues	Expenses	Transfers	2020 Closing Balance
Family ministries	\$ 32,719	\$ 3,853	\$ -	\$ -	\$ 36,572
Internally restricted for future use	-	-	-	20,000	20,000
	<u>\$ 32,719</u>	<u>\$ 3,853</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 56,572</u>
	2019 Opening Balance	Revenues	Expenses	Transfers	2019 Closing Balance
Family ministries	\$ 27,119	\$ 5,600	\$ -	\$ -	\$ 32,719

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