



Financial Statements

The Churchwardens of St. Mary's Anglican
Church, Richmond Hill

December 31, 2021

Draft

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Independent Auditor's Report

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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 as at December 31, 2021, and the statement 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Church as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises (ASPE).

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 not able to determine whether any adjustments might be necessary to donations and bequest revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and December 31, 2020, current assets and fund balances as at December 31, 2021 and December 31, 2020.

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.

Other Matter

The financial statements of the Church for the year ended December 31, 2020, were audited by Hurren Sinclair MacIntyre CPA's LLP who expressed a qualified opinion on those statements on February 28, 2021. The partners and staff of Hurren Sinclair MacIntyre CPA's LLP joined Grant Thornton on November 1, 2021.

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 ASPE, 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.
- ◆ 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.

Independent Auditor's 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.

Ajax, Canada

Chartered Professional Accountants

Draft

**The Churchwardens of St. Mary's Anglican Church,
Richmond Hill
Statement of Fund Balances**

December 31

	Operating Fund	Heritage Fund	Other Funds	Total 2021	Total 2020
Assets					
Current					
Cash and cash equivalents	\$ 204,819	\$ -	\$ 15,885	\$ 220,704	\$ 200,002
Marketable securities	-	26,488	-	26,488	27,333
Amount due from Heritage Fund	-	1,213	-	1,213	7,723
HST receivable	908	-	-	908	6,118
Federal grant receivable (Note 5)	488	-	-	488	8,082
Other assets	-	-	-	-	284
	<u>206,215</u>	<u>27,701</u>	<u>15,885</u>	<u>249,801</u>	<u>249,542</u>
Capital assets (Note 2)	<u>59,815</u>	<u>19,638</u>	<u>-</u>	<u>79,453</u>	<u>63,549</u>
	<u><u>\$ 266,030</u></u>	<u><u>\$ 47,339</u></u>	<u><u>\$ 15,885</u></u>	<u><u>\$ 329,254</u></u>	<u><u>\$ 313,091</u></u>

**The Churchwardens of St. Mary's Anglican Church,
Richmond Hill
Statement of Fund Balances**

December 31

	Operating Fund	Heritage Fund	Other Funds	Total 2021	Total 2020
Liabilities					
Current					
Accounts payable	\$ 25,430	\$ -	\$ -	\$ 25,430	\$ 27,187
Amount due from Heritage Fund	<u>1,213</u>	<u>-</u>	<u>-</u>	<u>1,213</u>	<u>7,723</u>
	<u>26,643</u>	<u>-</u>	<u>-</u>	<u>26,643</u>	<u>34,910</u>
Deferred revenue (Note 3)	28,725	-	-	28,725	53,225
Trust obligation (Note 4)	<u>52,400</u>	<u>-</u>	<u>-</u>	<u>52,400</u>	<u>40,000</u>
	<u>81,125</u>	<u>-</u>	<u>-</u>	<u>81,125</u>	<u>93,225</u>
	107,768	-	-	107,768	128,135
Unrestricted resources	121,716	-	-	121,716	97,129
Internally restricted resources	36,546	47,339	-	83,885	85,562
Externally restricted resources	<u>-</u>	<u>-</u>	<u>15,885</u>	<u>15,885</u>	<u>2,265</u>
	<u>158,262</u>	<u>47,339</u>	<u>15,885</u>	<u>221,486</u>	<u>184,956</u>
	<u>\$ 266,030</u>	<u>\$ 47,339</u>	<u>\$ 15,885</u>	<u>\$ 329,254</u>	<u>\$ 313,091</u>

Approved on behalf of the Wardens

People's Warden, _____

Rector's Warden, _____

**The Churchwardens of St. Mary's Anglican Church,
Richmond Hill**
Statement of Operations and Changes in Fund Balances

Year ended December

	Operating Fund	Heritage Fund	Other Funds	Total 2021	Total 2020
Revenue					
Donations and bequests	\$ 233,667	\$ 31,030	\$ 20,160	\$ 284,857	\$ 251,254
Use of facilities	167,512	-	-	167,512	167,268
Grant from Diocese	29,500	-	-	29,500	47,250
Jubilee grant	-	-	-	-	39,444
Federal grant	13,811	-	-	13,811	25,197
St. Mary's ACW	3,500	-	-	3,500	2,500
Investment income	-	(844)	-	(844)	2,278
	447,990	30,186	20,160	498,336	535,191
Expenses					
Administration	31,758	-	-	31,758	31,415
Amortization	7,609	1,579	-	9,189	3,636
Assessment	72,154	-	-	72,154	69,042
Building expenses	146,095	-	-	146,095	130,420
Capital expenditures	-	-	-	-	3,088
Committee expenses	23,977	-	1,970	23,977	15,689
Outreach	450	-	4,596	7,016	9,878
Staffing	171,618	-	-	171,618	191,624
	453,661	1,579	6,566	461,807	454,792
Income (loss)	(5,671)	28,607	13,594	36,529	80,399
Fund balances, beginning of year	153,701	28,990	2,265	184,956	104,557
Interfund transfers	10,232	(10,258)	26	-	-
Balance, end of year	\$ 158,262	\$ 47,339	\$ 15,885	\$ 221,485	\$ 184,956

**The Churchwardens of St. Mary's Anglican Church,
Richmond Hill
Statement of Cash Flows**

Year ended December 31

	2021	2020
Operating		
Net Income	\$ 36,529	\$ 80,399
Adjustments for		
Amortization	<u>9,189</u>	<u>3,636</u>
Change in non-cash working capital items		
HST receivable	5,087	(3,526)
Accounts payable	(1,755)	6,228
Federal grant receivable	7,593	(8,082)
Other assets	219	2,445
Accounts Receivable	188	-
Deferred revenue	(24,500)	(7,905)
Trust obligation	<u>12,400</u>	<u>-</u>
	<u>44,950</u>	<u>73,195</u>
Investing		
Capital assets	(25,092)	(67,186)
Marketable securities	<u>844</u>	<u>(2,278)</u>
	<u>(24,248)</u>	<u>(69,464)</u>
Increase (decrease) in cash	20,702	3,731
Cash		
Cash, beginning of year	<u>200,002</u>	<u>196,271</u>
Cash, end of year	<u>\$ 220,704</u>	<u>\$ 200,002</u>

The Churchwardens of St. Mary's Anglican Church, Richmond Hill

Notes to the Financial Statements

December 31, 2021

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 are prepared in accordance with Canadian accounting standards for private enterprises. The significant policies are detailed as follows:

Fund accounting

In order to ensure observance of the limitation and restrictions placed on the use of the resources available to the Church, the accounts are maintained in accordance with the principals 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 the directives issued by the churchwardens. For financial reporting purposes the accounts have been classified into the following funds:

(i) Operating Funds 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 the Financial Statements

December 31, 2021

1. Significant accounting policies, continued

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 into the fund to which it relates.

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

Marketable securities

Marketable securities are recorded at fair market value.

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 the Financial Statements

December 31, 2021

1. Significant accounting policies, continued

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.

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.

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.

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, revenue 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 estimation 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.

Capital assets

Capital assets are recorded at cost. The Church provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are 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.

The Churchwardens of St. Mary's Anglican Church, Richmond Hill

Notes to the Financial Statements

December 31, 2021

2. Capital asset note

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Buildings	\$ 73,493	\$ 9,840	\$ 63,653	\$ 58,573
Computer equipment	18,785	2,985	15,800	4,977
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 92,278	\$ 12,825	\$ 79,453	\$ 63,550

The amortization expense for the year is \$9,189 (2020 - \$3,636).

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:

	2021	2020
Beginning balance	\$ 53,225	\$ 61,130
Add: Amount received in the year	-	39,345
Less: Amount expensed in the year	24,500	47,250
	<hr/>	<hr/>
	\$ 28,725	\$ 53,225

4. Trust obligation

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

5. Federal grant

The Church applied for an 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 \$448 (2020 - \$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, 2021

6. Interfund transfers

The Church records restricted donations within the Other funds on the Statement of Operations. In 2021, \$26 (2020 - \$3,853) of restricted donations for the Family Fund were received. These funds were transferred to the Operating fund as the fund manages the family fund. \$10,258 of donations were transferred to the Heritage fund (2020 - \$Nil).

7. Financial instruments

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, 2021. 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.

(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 \$26,488 (2020 - \$27,333) invested in bond related mutual funds. The fund is comprised primarily of fixed income bonds and government bonds. Due to the nature of the investments, the Church has no significant exposure to this risk.

8. Impact of COVID-19

Throughout the fiscal year, the Province of Ontario made various declarations related to COVID-19 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 the financial statements. Management continues to monitor and manage its liquidity during the pandemic.

**The Churchwardens of St. Mary's Anglican Church,
Richmond Hill**
**Schedule of Changes in Other Externally Restricted Resources -
Other Funds**

December 31, 2021

	2021 Opening Balance	Revenue	Expenses	Transfers	2021 Closing Balance
Outreach	\$ 2,072	\$ 3,600	\$ (2,986)	\$ 103	\$ 2,789
Faithworks	-	1,270	(1,270)	-	-
Food bank	90	250	(340)	-	-
Adopt a family	103	-	-	(103)	-
Refugee sponsorship	-	13,096	-	-	13,096
	<hr/> <u>\$ 2,265</u>	<hr/> <u>\$ 18,216</u>	<hr/> <u>\$ (4,596)</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 15,885</u>
	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
	<hr/> <u>\$ 5,318</u>	<hr/> <u>\$ 5,938</u>	<hr/> <u>\$ (8,991)</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 2,265</u>

**The Churchwardens of St. Mary's Anglican Church,
Richmond Hill**
**Schedule of Changes in Internally Restricted Resources -
Operating Fund**

December 31, 2021

	2021 Opening Balance	Revenue	Expenses	Transfers	2021 Closing Balance
Expenses					
Family ministries	\$ 36,572	\$ 1,944	\$ (1,970)	\$ -	\$ 36,546
Internally restricted for future use	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>
	<u>\$ 56,572</u>	<u>\$ 1,944</u>	<u>\$ (1,970)</u>	<u>\$ (20,000)</u>	<u>\$ 36,546</u>
<hr/>					
	2020 Opening Balance	Revenue	Expenses	Transfers	2020 Closing Balance
Family ministries	\$ 32,719	\$ 3,853	\$ -	\$ -	\$ 36,572
Internally restricted for future use	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
	<u>\$ 32,719</u>	<u>\$ 3,853</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 56,572</u>
<hr/>					