

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL
Financial Statements
Year Ended December 31, 2023

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL
Index to Financial Statements
Year Ended December 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenses	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Schedule of Changes in Internally Restricted Resources - Operating Fund (<i>Schedule 1</i>)	7
Schedule of Changes in Other Funds (<i>Schedule 2</i>)	8
Notes to Financial Statements	9 - 12

ANGEL XIA CPA PROFESSIONAL CORPORATION

27 Fleming Dr, Toronto Ontario M2K 2N8, Telephone: (647)232-5368, Email: angelxiaCPA@outlook.com

INDEPENDENT AUDITOR'S REPORT

To the Members of St. Mary's Anglican Church, Richmond Hill

Qualified Opinion

I have audited the financial statements of St. Mary's Anglican Church, Richmond Hill (the "Church"), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Church as at December 31, 2023, and the results of its operations and 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 charitable organizations, the Church derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Church and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. My audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

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

Other Matter

The financial statements of the Church for the year ended December 31, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements on February 26, 2023.

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.

(continues)

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Toronto, Ontario
February 17, 2024

Angel Xia CPA
CHARTERED PROFESSIONAL ACCOUNTANT
Licensed Public Accountant

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL

Statement of Financial Position

December 31, 2023

	Operating Fund	Heritage Fund	Other Funds	2023	2022
ASSETS					
Current					
Cash	\$ 127,590	\$ -	\$ 10,638	\$ 138,228	\$ 100,008
Assets held in trust (Note 3)	134,000	-	-	134,000	20,000
Marketable securities	-	24,715	-	24,715	23,395
Rent receivable	1,440	-	-	1,440	440
HST recoverable	115	-	-	115	4,550
Prepaid expenses	750	-	-	750	-
Amount due from Heritage Fund	-	5,974	-	5,974	16,543
	263,895	30,689	10,638	305,222	164,936
Capital assets (Note 4)	91,577	-	-	91,577	104,080
	<u>\$ 355,472</u>	<u>\$ 30,689</u>	<u>\$ 10,638</u>	<u>\$ 396,799</u>	<u>\$ 269,016</u>
LIABILITIES					
Current					
Accounts payable and accrued liabilities (Note 5)	\$ 29,479	\$ -	\$ -	\$ 29,479	\$ 42,047
Deposit received (Note 6)	20,000	-	-	20,000	-
Deferred revenue	-	-	-	-	7,090
Amount due to Operating Fund	5,974	-	-	5,974	16,543
Trust obligations (Note 3)	134,000	-	-	134,000	20,000
	189,453	-	-	189,453	85,680
FUND BALANCES					
Unrestricted	127,080	-	-	127,080	110,090
Internally restricted (Schedule 1)	38,939	30,689	-	69,628	62,224
Externally restricted (Schedule 2)	-	-	10,638	10,638	11,022
	166,019	30,689	10,638	207,346	183,336
	<u>\$ 355,472</u>	<u>\$ 30,689</u>	<u>\$ 10,638</u>	<u>\$ 396,799</u>	<u>\$ 269,016</u>

Approved on behalf of the Wardens

People's Warden

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL

Statement of Revenues and Expenses

Year Ended December 31, 2023

	Operating Fund	Heritage Fund	Other Funds	2023	2022
REVENUES					
Donations, fundraising and bequests	\$ 184,059	\$ 5,050	\$ 15,610	\$ 204,719	\$ 242,855
Donations to St. Mary's ACW	3,000	-	-	3,000	4,100
Use of facilities	228,595	-	-	228,595	216,067
Diocesan grants (Note 8)	7,090	-	-	7,090	27,000
Unrealized gain (loss) on investment	-	1,319	-	1,319	(3,093)
	<u>422,744</u>	<u>6,369</u>	<u>15,610</u>	<u>444,723</u>	<u>486,929</u>
EXPENSES					
Building expenses	175,393	-	-	175,393	190,038
Staffing	118,973	-	-	118,973	159,480
Diocesan assessment (Note 8)	59,829	-	-	59,829	64,380
Administration	28,585	-	-	28,585	51,436
Amortization of capital assets	12,503	-	-	12,503	13,687
Committee expenses	10,296	-	-	10,296	26,537
Outreach	-	-	14,959	14,959	13,734
Special events	-	-	-	-	5,786
	<u>405,579</u>	<u>-</u>	<u>14,959</u>	<u>420,538</u>	<u>525,078</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 17,165</u>	<u>\$ 6,369</u>	<u>\$ 651</u>	<u>\$ 24,185</u>	<u>\$ (38,149)</u>

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL

Statement of Changes in Fund Balances

Year Ended December 31, 2023

	Operating Fund	Heritage Fund	Other Funds	2023	2022
FUND BALANCES - BEGINNING OF YEAR	\$ 147,994	\$ 24,320	\$ 11,022	\$ 183,336	\$ 221,485
Excess (deficiency) of revenues over expenses	17,165	6,369	651	24,185	(38,149)
Interfund transfers (<i>Note 7</i>)	1,035	-	(1,035)	-	-
Other adjustment to fund balances	(175)	-	-	(175)	-
FUND BALANCES - END OF YEAR	\$ 166,019	\$ 30,689	\$ 10,638	\$ 207,346	\$ 183,336

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL

Statement of Cash Flows

Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 24,185	\$ (38,149)
Items not affecting cash:		
Amortization of capital assets	12,503	13,688
Other adjustment to fund balances	(175)	-
	<u>36,513</u>	<u>(24,461)</u>
Changes in non-cash working capital:		
Accounts receivable	(1,000)	(563)
HST recoverable	4,435	(3,519)
Prepaid expenses	(750)	-
Accounts payable and accrued liabilities	(12,568)	16,616
Deferred revenue	(7,090)	(21,635)
Deposit received	20,000	-
Trust obligations	114,000	(32,400)
Grant receivable	-	488
	<u>117,027</u>	<u>(41,013)</u>
Cash from (used by) operating activities	<u>153,540</u>	<u>(65,474)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	-	(38,315)
Unrealized loss (gain) on marketable securities	(1,320)	3,093
Cash used by investing activities	<u>(1,320)</u>	<u>(35,222)</u>
INCREASE (DECREASE) IN CASH	152,220	(100,696)
CASH & TERM DEPOSITS - BEGINNING OF YEAR	<u>120,008</u>	<u>220,704</u>
CASH & TERM DEPOSITS - END OF YEAR	<u>\$ 272,228</u>	<u>\$ 120,008</u>
CASH & TERM DEPOSITS CONSIST OF:		
Cash	\$ 138,228	\$ 100,008
Cash held in trust	64,000	20,000
Term deposits held in trust	<u>70,000</u>	<u>-</u>
	<u>\$ 272,228</u>	<u>\$ 120,008</u>

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL
Schedule of Changes in Internally Restricted Resources - Operating Fund
Year Ended December 31, 2023

(Schedule 1)

	Opening Balance	Revenues	Expenses	Interfund Transfers	Ending Balance
2023					
Family ministries	\$ 37,904	\$ -	\$ -	\$ 1,035	\$ 38,939
Total	\$ 37,904	\$ -	\$ -	\$ 1,035	\$ 38,939
2022					
Family ministries	\$ 36,546	\$ -	\$ -	\$ 1,358	\$ 37,904
Total	\$ 36,546	\$ -	\$ -	\$ 1,358	\$ 37,904

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL

Schedule of Changes in Other Funds

(Schedule 2)

Year Ended December 31, 2023

	Opening Balance	Revenues	Expenses	Interfund Transfers	Ending Balance
2023					
Outreach	\$ 3,069	\$ 2,313	\$ (3,062)	\$ -	\$ 2,320
Faithworks	-	3,936	(3,847)	-	89
Refugee sponsorship	7,953	8,326	(8,050)	-	8,229
Total	\$ 11,022	\$ 14,575	\$ (14,959)	\$ -	\$ 10,638
2022					
Outreach	\$ 2,789	\$ 2,253	\$ (1,973)	\$ -	\$ 3,069
Faithworks	-	1,325	(1,325)	-	-
Refugee sponsorship	13,096	5,043	(10,186)	-	7,953
Total	\$ 15,885	\$ 8,621	\$ (13,484)	\$ -	\$ 11,022

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL

Notes to Financial Statements

Year Ended December 31, 2023

1. PURPOSE OF THE CHURCH

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 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.

The Church provides services of worship and religious instruction and spiritual and social services during the year in accordance with its objectives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

Fund accounting

In order to comply to the limitation and restrictions placed on its resources, the Church follows the fund accounting method to account for contributions. Accordingly, resources are classified for 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:

Operating Fund

Operating Fund accounts for the Church's general operations and may be used for any purposes that are consistent with the objectives of the Church.

Heritage Fund

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 Wardens' discretion in accordance with Church's investment policies. The purpose of the fund is to repair and renovate parish buildings and to perpetuate the Parish and its mission in the City of Richmond Hill and outreach mission beyond.

Other Funds

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
- Refugee sponsorship
- Capital project
- Rectory repairs
- Food bank
- Green team

(continues)

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL

Notes to Financial Statements

Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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.

Contributions from St. Mary's Anglican Church Women (the "ACW") are recognized as revenue of the Operating Fund when received, unless otherwise specified by the ACW.

Rent and contributions received related to the use of facilities are recognized as revenue of the Operating Fund in the period to which they are related.

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

Cash and cash equivalents

Term deposits with a maturity period of three months or less from the date of acquisition as cash and cash equivalents.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Building improvements	10 years	straight-line method
Computer equipment	5 years	straight-line method
Furniture and fixtures	5 years	straight-line method

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.

Pension plan

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

Financial instruments

The Church initially measures its financial assets and financial liabilities at fair value, and subsequently, at amortized cost except for marketable securities which are elected to be measured at fair value.

Financial assets measured at amortized cost include cash and term deposits, accounts receivable and cash held in trust. Financial assets measured at fair value include marketable securities. Financial liabilities measured at amortized cost include accounts payable, deposits received and trust obligations.

Contributed goods and services

The operations of the Church depend heavily on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated goods and services cannot be reasonably determined and are therefore not reflected in these financial statements.

(continues)

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL

Notes to Financial Statements

Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant estimates during the year include the useful life of capital assets and accounts payable. Actual results could differ from these estimates.

3. TRUST OBLIGATIONS

The Church has entered into sponsorship agreements for refugee families. These funds, which include cash and term deposits, are held in trust for these families and will be distributed to these families upon their arrival in Canada. All interest earned on the term deposits will also be distributed to these families.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Building improvements	\$ 98,493	\$ 27,038	\$ 71,455	\$ 80,053
Computer equipment	30,686	11,553	19,133	22,754
Furniture and fixtures	1,413	424	989	1,273
	<u>\$ 130,592</u>	<u>\$ 39,015</u>	<u>\$ 91,577</u>	<u>\$ 104,080</u>

The Diocese holds title to the land and buildings for the Church and rectory in accordance with the Canons of the Diocese. The beneficial interest and use of these real properties rest with the Church. In the event where the Church disposes of surplus real property, 50% of the proceeds of sale shall be given to the Church by the Diocese. This percentage may be altered with Diocesan Council approval.

5. ACCOUNTS PAYABLE

Accounts payable and accrued liabilities include \$1,346 (2022 - \$1,587) of government remittances payable.

6. DEPOSIT RECEIVED

The Church is in the process of negotiating the sale of a surplus land on behalf of the Diocese where the Diocese will grant the Church an amount equal to 80% of the proceeds from sale. This process is still on-going while waiting for zoning restrictions to be lifted. The Church received a non-refundable deposit from the buyer with respect to this deal.

7. INTERFUND TRANSFERS

During the year, donations to Family Ministries of \$1,035 (2022 - \$1,358) was transferred from Other Funds to Operating Fund.

ST. MARY'S ANGLICAN CHURCH, RICHMOND HILL

Notes to Financial Statements

Year Ended December 31, 2023

8. TRANSACTIONS WITH THE DIOCESE

During the year, the Church paid the Anglican Diocese of Toronto (the "Diocese") \$59,829 (2022 - \$64,380) on account of Diocesan assessment. No grant was received from the Diocese during the year (2022 - nil). The grant recognized into revenue during the year is the remainder of a three-year Family Ministry grant.

9. FINANCIAL INSTRUMENTS

The Church is exposed to various risks through its financial instruments.

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 its rent receivable.

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 with respect to its accounts payable. The Wardens mitigate this risk by preparing and monitoring an operating budget throughout the year.

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 is exposed to this risk with respect to its marketable securities invested in bond related mutual funds.

It is management's opinion that the Church is not exposed to significant currency and other price risks.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
