

ST. PETER'S, ERINDALE ANGLICAN CHURCH

FINANCIAL STATEMENTS

JUNE 30, 2022

PHILIP DYKE PROFESSIONAL CORPORATION
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INDEPENDENT AUDITOR'S REPORT

To the Members of **St. Peter's, Erindale Anglican Church**

Report on the Audit of the Financial Statements

Qualified Opinion

I have audited the financial statements of **St. Peter's, Erindale Anglican Church** ("the Organization"), which comprise the statement of financial position as at June 30, 2022, and the statements of operations and 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 matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2022 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Organization and I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, for the years ended June 30, 2022 and 2021, assets as at June 30, 2022 and 2021 and fund balances as at July 1, 2021 and 2020 and June 30, 2022 and 2021. My audit opinion for the year ended June 30, 2021 was qualified accordingly because of the possible effects of this limitation in 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 Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements, 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 opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Philip Dyke Professional Corporation

Philip Dyke Professional Corporation, authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Toronto, Ontario
August 30, 2022

ST. PETER'S, ERINDALE ANGLICAN CHURCH
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
Year ended June 30

	2022								2021	
	Unrestricted Funds			Restricted Funds					Total	\$
	Operating	Cemetery	Total	Property	Outreach and Other	Bequests	Cemetery	Total		
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
REVENUE										
Offertory - Envelope/PAR	430,194	458	430,652	12,978	90,425	-	-	103,403	534,055	627,856
Offertory - Open	1,311	-	1,311	-	-	-	-	-	1,311	1,386
Miscellaneous Donations / Other Income	3,380	1,750	5,130	-	-	-	-	-	5,130	973
Investment Income	12,849	7,166	20,015	12,990	180	-	3,644	16,814	36,829	34,312
Plot sales & Burials	-	18,300	18,300	-	-	-	-	-	18,300	14,050
COVID-19 wage subsidy	5,855	-	5,855	-	-	-	-	-	5,855	32,253
Space Usage	1,500	-	1,500	-	-	-	-	-	1,500	9,088
	455,089	27,674	482,763	25,968	90,605	-	3,644	120,217	602,980	719,918
EXPENSES										
Stipends, Salaries & Benefits	241,904	-	241,904	-	-	-	-	-	241,904	284,352
Travel Allowance	-	-	-	-	-	-	-	-	-	252
Repairs & Maintenance	49,908	16,438	66,346	3,182	-	-	-	3,182	69,528	61,997
Amortization	-	-	-	55,841	-	-	-	55,841	55,841	53,986
Insurance	23,239	-	23,239	-	-	-	-	-	23,239	18,673
Light, Heat, Water	12,986	-	12,986	-	-	-	-	-	12,986	15,670
Office & Telephone	6,817	-	6,817	-	-	-	-	-	6,817	6,512
General Expense	11,922	2,399	14,321	-	-	-	-	-	14,321	10,824
Worship	722	-	722	-	-	-	-	-	722	456
Music	1,093	-	1,093	-	-	-	-	-	1,093	2,096
Education	1,019	-	1,019	-	-	-	-	-	1,019	506
Communications & Technology	2,912	-	2,912	-	-	-	-	-	2,912	2,800
Outreach	-	-	-	-	110,740	-	-	110,740	110,740	100,639
Stewardship & Other	1,178	-	1,178	-	-	-	-	-	1,178	1,610
TOTAL OPERATING EXPENSES	353,700	18,837	372,537	59,023	110,740	-	-	169,763	542,300	560,373
Synod assessment	67,336	-	67,336	-	-	-	-	-	67,336	72,654
TOTAL EXPENSES	421,036	18,837	439,873	59,023	110,740	-	-	169,763	609,636	633,027
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER ITEM	34,053	8,837	42,890	(33,055)	(20,135)	-	3,644	(49,546)	(6,656)	86,891
OTHER ITEM										
Increase (decrease) in fair value of long-term investments	(41,541)	(19,520)	(61,061)	(34,772)	-	(295)	(7,811)	(42,878)	(103,939)	177,844
EXCESS OF REVENUES OVER EXPENSES	(7,488)	(10,683)	(18,171)	(67,827)	(20,135)	(295)	(4,167)	(92,424)	(110,595)	264,735
FUND BALANCES, beginning of year	378,729	199,696	578,425	1,304,065	92,753	2,609	172,861	1,572,288	2,150,713	1,885,978
INTERFUND TRANSFERS	6,932	(256)	6,676	(6,752)	(180)	-	256	(6,676)	-	-
FUND BALANCES, end of year	378,173	188,757	566,930	1,229,486	72,438	2,314	168,950	1,473,188	2,040,118	2,150,713

See accompanying notes

ST. PETER'S, ERINDALE ANGLICAN CHURCH
STATEMENT OF CASH FLOWS
Year ended June 30

	<u>2022</u>	<u>2021</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	(110,595)	264,735
Add items not requiring cash		
Amortization	55,841	53,986
Changes in non-cash working capital items		
Accounts receivable	1,143	5,624
Taxes recoverable	5,478	(6,787)
Payables and accruals	(13,353)	13,246
Deferred revenue	12,879	(76)
	<u>(48,607)</u>	<u>330,728</u>
INVESTING ACTIVITIES		
(Increase) decrease in investments in Diocesan Consolidated Fund	(8,975)	(186,042)
Purchase of property and equipment	(6,238)	(52,988)
	<u>(15,213)</u>	<u>(239,030)</u>
Change in cash	(63,820)	91,698
Cash, beginning of year	294,454	202,756
Cash, end of year	<u>230,634</u>	<u>294,454</u>

See accompanying notes

ST. PETER'S, ERINDALE ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. INCORPORATION

St. Peter's, Erindale Anglican Church (St. Peter's) is a church whose mandate is to provide Anglican services to worshippers in the community. St. Peter's assists other non-profit organizations in the community in various ways.

St. Peter's is organized as a parish of the Incorporated Synod of the Diocese of Toronto ("Diocese") and operates under The Church Temporalities Act. It is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes.

2. SUMMARY OF ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

The Operating Fund accounts for the church's program delivery and administrative activities.

The Cemetery Fund administers the maintenance of the cemetery.

The Property Fund reports the assets, liabilities, revenue and expenses related to the land, building and equipment.

The Outreach and Other Fund administers the outreach program such as the deacon's cupboard and Faithworks.

The Bequest Fund accounts for directed bequests for music students.

Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value. Property and equipment are amortized over their estimated useful life on a straight-line basis at the following rates per annum:

Building	4%
Computers	33%
Equipment	10%

**ST. PETER'S ERINDALE ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. SUMMARY OF ACCOUNTING POLICIES (continued)

The original building was constructed over 100 years ago and is fully amortized. The original cost and the related accumulated amortization have not been reflected in these financial statements as the net book value of the original building is zero and information regarding the cost is unavailable.

Under the Canons of the Diocese, the land and building cannot be sold, licensed, leased or mortgaged or otherwise encumbered without the consent of the Bishop and the Diocesan Council.

Long-term investments

Long-term investments are invested by the Diocese and the investment income distributed to St. Peter's quarterly. The principal amount of the investments in the Property Fund (\$ 311,532) may only be used with the approval of the Diocese.

Deferred revenue

Deferred revenue represents grants and donations received in the current period that are related to a subsequent period.

Revenue recognition

The organization uses the restricted fund method of revenue recognition. Restricted donations are recognized as revenue of the appropriate restricted funds. All other restricted donations for which no restricted funds have been established are deferred and recognized as revenue of the operating fund in the years in which the related expenses are incurred. Unrestricted donations are recognized as revenue of the Operating Fund when it is received.

Investment, rent and sundry revenue are recognized when earned.

Contributed goods and services

Donated services are not recognized in these statements because of the difficulty determining their fair value.

Use of estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Such estimates include the useful lives of property and equipment. Actual results could differ from those estimates.

**ST. PETER'S ERINDALE ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

St. Peter's initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or the exchange amount, as appropriate. St. Peter's subsequently measures all its financial assets and financial liabilities at amortized cost except investments in the Diocesan Consolidated Funds which are measured at fair value. Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at amortized cost include payables and accruals.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the excess of revenues over expenses.

3. PROPERTY AND EQUIPMENT

	2022			2021		
	Cost \$	Accumulated amortization \$	Net book value \$	Cost \$	Accumulated amortization \$	Net book value \$
Land	11,672	-	11,672	11,672	-	11,672
Building	1,302,633	507,685	794,948	1,302,633	456,121	846,512
Computers	5,001	1,665	3,336	-	-	-
Equipment	25,466	7,639	17,827	24,229	5,027	19,202
	1,344,772	516,989	827,783	1,338,534	461,148	877,386

**ST. PETER'S ERINDALE ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

4. RESTRICTED CEMETERY FUND

St. Peter's operates a cemetery adjacent to the church. In accordance with the Funeral, Burial and Cremation Services Act (Ontario), the parish maintains a Care & Maintenance fund (\$157,777) to provide for perpetual care of these lands. These funds are held in trust in the Diocesan Consolidated Cemetery Fund.

5. RELATED PARTY INFORMATION

The related party is the Diocese which exercises significant influence over the operations of St. Peter's. The related party transactions for the year were the synod assessment of \$ 67,336. The Diocese paid the salary and benefits of the full-time clergy and was reimbursed by St. Peter's.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. FINANCIAL INSTRUMENTS

St. Peter's is exposed to credit risk through its financial instruments, accounts receivable and investments. Credit risk results from the possibility that parties may default on their financial obligations.

The credit risk relating to accounts receivable is minimal as the balance is received shortly after the year end. The credit risk associated with the Diocesan Consolidated Funds is minimized as they are pooled funds and are invested in a variety of industries.

7. COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that were put in place to combat the spread of the virus. As a result, St. Peter's held a combination of virtual/in-person church services and limited other in-person events for the year.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of St. Peter's in future periods. St. Peter's continues to closely monitor and assess the impact on operations and makes adjustments accordingly.

It is the assessment of management that St. Peter's will have sufficient resources to mitigate any potential negative impact that may occur in fiscal 2023 as a result of COVID-19.