
St. Matthew's Anglican Church

Financial Statements

For the year ended December 31, 2021

Contents

	Page
Independent Auditor's Report	1
Statement of Financial position	3
Statement of Financial Revenue and Expense	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 – 10



Independent Auditor's Report

To the Members of St. Matthew's Anglican Church, Islington

Qualified Opinion

We have audited the financial statements of St. Matthew's Anglican Church, Islington (the "church"), which comprise the statement of financial position as at December 31, 2021, and the statement of operations, 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 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 not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the church derives part of its revenue from the public in the form of donations, 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 donations, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021, current assets and net assets as at December 31, 2021. Our audit opinion on the financial statements for the year ended December 31, 2020 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit 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 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

Independent Auditor's Report, continued

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.

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.

Walsh & Company Professional Corporation

Chartered Professional Accountants

Authorized to practise public accounting by

The Chartered Professional Accountants of Ontario

Toronto, Ontario
February 4, 2022

St. Matthew's Anglican Church


Statement of Financial Position

As of December 31, 2021

	Unrestricted Funds			Externally Restricted Funds		Total 2021	Total 2020
	Operating Fund	Legacy Funds	Total Unrestricted Funds	OTC Fund	Other Funds (Note 3)		
Assets							
Current							
Cash	\$ (18,538)	\$ 156,085	\$ 137,547	\$ 20,412	\$ 43,153	\$ 201,111	\$ 209,401
Investments	-	374,183	374,183	-	-	374,183	334,880
Receivables	-	-	-	-	-	-	4,278
HST/GST receivable	10,513	-	10,513	-	-	10,513	12,421
Prepaid expenses	-	-	-	-	-	-	4,365
	\$ (8,025)	\$ 530,268	\$ 522,243	\$ 20,412	\$ 43,153	\$ 585,807	\$ 565,346
Liabilities							
Current							
Accounts payable and accrued liabilities	\$ 5,769	\$ -	\$ 5,769	\$ 100	\$ -	\$ 5,869	\$ 5,092
Net Assets							
Fund Balances	(13,794)	530,268	516,474	20,312	43,153	579,938	560,254
	\$ (8,025)	\$ 530,268	\$ 522,243	\$ 20,412	\$ 43,153	\$ 585,807	\$ 565,346

On behalf of the Corporation


Rector's Warden


People's Warden

See accompanying notes to the financial statements

St. Matthew's Anglican Church

Statement of Revenue and Expenses and Changes in Fund Balances

For the year ended December 31, 2021

	Unrestricted Funds			Externally Restricted Funds				
	Operating Fund	Legacy Funds	Total Unrestricted Funds	OOTC Fund	Other Funds	Total 2021	Total 2020	
					(Note 3)			
Revenue								
Envelope offerings	\$ 179,946	\$ -	\$ 179,946	\$ 2,082	\$ 23,860	\$ 205,888	\$ 198,887	
Open offerings	268	-	268	-	-	268	863	
Seasonal offerings	20,660	-	20,660	-	-	20,660	17,990	
Rent	75,169	-	75,169	-	-	75,169	72,773	
Investment income	-	52,561	52,561	-	-	52,561	29,369	
Bequests	-	10,807	10,807	-	-	10,807	28,728	
Advertising	150	-	150	-	-	150	300	
Fundraising	6,715	-	6,715	-	-	6,715	6,393	
Miscellaneous	521	-	521	59	-	580	2,909	
Diocesan grant	-	-	-	-	-	-	78,544	
Government Covid Subsidy	11,568	1,218	12,787	-	-	12,787	16,203	
Debt reduction contributions	-	-	-	-	-	-	250	
	<u>\$ 294,997</u>	<u>\$ 64,587</u>	<u>\$ 359,583</u>	<u>\$ 2,141</u>	<u>\$ 23,860</u>	<u>\$ 385,584</u>	<u>\$ 453,209</u>	
Expenses								
Salaries, fees and benefits	\$ 153,058	\$ 19,936	\$ 172,994	\$ -	\$ -	\$ 172,994	\$ 193,946	
Maintenance	64,014	21,438	85,452	-	704	86,156	92,422	
Office	13,746	-	13,746	-	-	13,746	14,858	
Audit	3,955	-	3,955	-	-	3,955	4,301	
Worship and ministry	6,520	-	6,520	-	2,579	9,099	12,112	
Parish events	1,116	-	1,116	-	-	1,116	2,438	
Insurance	10,198	-	10,198	-	-	10,198	8,901	
Miscellaneous	104	1,289	1,393	7,240	-	8,633	15,328	
Outreach	-	-	-	-	18,244	18,244	13,150	
Major renovations - Rectory	-	-	-	-	-	-	29,306	
Synod	41,760	-	41,760	-	-	41,760	45,976	
	<u>\$ 294,471</u>	<u>\$ 42,663</u>	<u>\$ 337,134</u>	<u>\$ 7,240</u>	<u>\$ 21,527</u>	<u>\$ 365,900</u>	<u>\$ 432,737</u>	
Excess (deficiency) of revenue over expenses								
	\$ 525	\$ 21,924	\$ 22,449	\$ (5,098)	\$ 2,333	\$ 19,684	\$ 20,472	
Fund balances, beginning of year								
	(14,319)	508,344	494,025	25,410	40,819	560,254	539,781	
Fund balances, end of year								
	\$ (13,794)	\$ 530,268	\$ 516,474	\$ 20,312	\$ 43,153	\$ 579,938	\$ 560,254	

See accompanying notes to the financial statements

St. Matthew's Anglican Church

Statement of Cash Flows

For the year ended December 31, 2021

	Unrestricted Funds			Externally Restricted Funds		Total 2021	Total 2020
	Operating Fund	Legacy Funds	Total Unrestricted Funds	OOTC Fund	Other Funds		
					(Note 3)		
Operating Activities							
Net income (loss)	\$ 525	\$ 21,924	\$ 22,449	\$ (5,098)	\$ 2,333	\$ 19,684	\$ 20,472
Change in non-cash working capital							
Investments	\$ -	\$ (39,303)	\$ (39,303)	\$ -	\$ -	\$ (39,303)	\$ (15,993)
Accounts receivable	4,278	-	4,278	-	-	4,278	(4,278)
HST/GST receivable	1,908	-	1,908	-	-	1,908	(3,808)
Prepays	4,365	-	4,365	-	-	4,365	947
Payables and accruals	777	-	777	-	-	777	549
Total change in non-cash working capital	\$ 11,329	\$ (39,303)	\$ (27,974)	\$ -	\$ -	\$ (27,974)	\$ (22,584)
Increase (decrease) in cash	11,854	(17,379)	(5,525)	(5,098)	2,333	(8,290)	(2,112)
Cash, beginning of year	(30,392)	173,464	143,072	25,510	40,819	209,401	211,514
Cash, end of year	\$ (18,538)	\$ 156,085	\$ 137,547	\$ 20,412	\$ 43,153	\$ 201,111	\$ 209,401

See accompanying notes to the financial statements

St. Matthew's Anglican Church

Notes to the Financial Statements

December 31, 2021

1. Purpose

St. Matthew's Anglican Church (the "Church") is a member of the *Anglican Church of Canada* and is a parish of *The Incorporated Synod of the Diocese of Toronto* (the "Diocese"). The Churchwardens, in essence the administrative officers for the Parish, represent the Church and its members, and in these financial statements are referred to collectively as the "Corporation".

The mission of the Church is to *Share Jesus' Love* and to strive to share that message in worship, our children and youth programs, music and community activities.

The Church is registered as a charitable organization and is exempt from income tax.

2. Summary of significant accounting policies

Basis of accounting

The Corporation has prepared these financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations. Canadian Accounting Standards for Not-For-Profit Organizations are part of Canadian generally accepted accounting principles.

Canadian Accounting Standards for Not-For-Profit Organizations require entities to select policies appropriate to their circumstances from policies provided in these standards. The following policies have been selected by the Corporation and applied in these financial statements.

Financial statements

The financial statements include the accounts of the Church and all related parish organizations.

Fund accounting

The Church follows the restricted fund method of accounting for contributions, whereby assets, liabilities, revenue, and expenses are segregated into specific funds depending on their purpose. Inter-fund transfers from Unrestricted Funds and Externally Restricted Funds are not discretionary. The full amount of income available is transferred to the Operating Fund, provided that all restrictions imposed on the use of a particular restricted fund are met.

Unrestricted funds

Donations from the congregation and others as well as revenue and expenses for service delivery activities and administration are recorded in the Operating Fund.

Legacies that are received without restriction as to their use are recorded in the Legacy Fund. The Fund is managed over a longer term and is utilized for projects or ministries that cannot be funded from normal operating resources. At the discretion of the Corporation, legacy funds can be used for any purpose.

St. Matthew's Anglican Church

Notes to the Financial Statements

December 31, 2021

Externally restricted funds

Out of the Cold ("OOTC")

This fund consists of contributions received by way of bequests, gifts, special donations, or donations from other churches and not-for-profit organizations that are restricted for the exclusive use of the *Out of the Cold* programme.

Other externally restricted funds

These funds consist of contributions received by way of bequests, gifts or special donations that are received with restrictions for their use. A brief description of each of these funds is included in Note 3.

Revenue recognition

Cash donations are recorded in the period received. Members of the congregation volunteer their time to assist in the church's activities. Because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

Investments

Investments are recorded at fair value. Unrealized gains and losses arising from the change in value of investments are recorded in the Statement of Revenue and Expenses and Changes in Fund Balances.

Investments are primarily held in externally managed pooled funds and investment income is allocated to each fund on the basis of the average fund asset value proportionate to the total value of funds throughout the period.

Investments that can be realized within one year are classified in the Statement of Financial Position as current assets. All other investments are considered long-term in nature.

Use of estimates

The Corporation reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision of any possibility of impairment. Certain items in the preparation of these financial statements require the Corporation's best estimate. The Corporation determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically, and adjustments are made to assets, liabilities and excess (deficiency) of revenues over expenses as appropriate in the year they become known.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with the Canadian Imperial Bank of Commerce ("CIBC").

St. Matthew's Anglican Church

Notes to the Financial Statements

December 31, 2021

Financial instruments

The Church initially measures its financial assets at fair value, except for certain non-arm's length transactions. Transaction costs related to financial assets are recognized in the Statement of Revenue and Expenses and Changes in Fund Balances in the year in which they are incurred. The Church subsequently measures its financial assets and liabilities at amortized cost unless the Corporation has elected to carry the instruments at fair value. The Church has elected to carry its investments at fair value. Changes in fair value are recognized in the Statement of Revenue and Expenses and Changes in Fund Balances. Financial assets measured at amortized cost include HST/GST receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Capital assets

Since the average annual gross revenue for the current and preceding year is less than \$500,000, the Church is exempt under Canadian Accounting Standards for Not-For-Profit Organizations from the requirement to capitalize and amortize capital assets over their estimated future lives.

3. Other funds

Other Externally restricted funds

	December 31 2020	Income	Expenses	Transfers	December 31 2021
Organ/Music	\$ 749	\$ -	\$ -	\$ -	\$ 749
Cadence	3,763	-	520	-	3,243
Building	901	1,135	704	-	1,332
Audio, Visual, Technology	-	7,000	-	-	7,000
Memorials	277	-	-	-	277
Club Matt	2,612	155	1,057	-	1,710
Club Matt Youth	1,605	-	88	-	1,517
Youth Ministry Development Grant	2,000	-	-	-	2,000
Reach Grant	1,006	-	914	-	91
Adult Education/Alpha	242	-	-	-	242
Baseball Program	2,955	-	-	-	2,955
Food cupboard	1,084	-	-	-	1,084
Honours Gift	200	-	-	-	200
Our Faith Our Hope- Greening	6,671	-	-	-	6,671
Outreach - Regular	4,960	4,420	7,417	322	2,286
Faithworks	-	2,150	1,827	(322)	-
PWRDF	-	9,000	9,000	-	-
Rector's discretionary	988	-	-	-	988
Sign	4,372	-	-	-	4,372
Student bursary	3,919	-	-	-	3,919
Prayer book	2,515	-	-	-	2,515
	<u>\$ 40,819</u>	<u>\$ 23,860</u>	<u>\$ 21,527</u>	<u>\$ -</u>	<u>\$ 43,153</u>

St. Matthew's Anglican Church

Notes to the Financial Statements

December 31, 2021

4. Financial instruments

Credit risk

The Church is subject to credit risk related to accounts and other amounts receivable. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. In the opinion of the Corporation, credit risk exposure is not significant.

Liquidity risk

Liquidity risk is the risk that the Church will encounter difficulty in meeting its obligations as they come due. The Church is exposed to this risk mainly in respect to its accounts payable. The Church maintains sufficient cash resources to maintain liquidity. In the opinion of the Corporation, liquidity risk exposure to the Church is not significant.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk. The assets subject to market risk are \$374,183 (\$334,880 in 2020).

Interest rate risk

Interest rate risk is the risk that the fair value of interest-bearing financial instruments fluctuates due to changes in the prevailing levels of market interest rates. Cash and short-term investments do not expose the Church to significant amounts of interest rate risk. The Church is subject to interest rate risk to the extent that investments are made in fixed income instruments. No assets were subject to interest rate risk in 2021 or 2020.

Currency risk

Currency risk arises when the fair value of financial instruments that are denominated in a currency other than the Canadian dollar, which is the Church's reporting currency, fluctuates due to changes in exchange rates. The Church is subject to currency risk to the extent that any investments held in The Consolidated Trust Fund of the Diocese are denominated in a foreign currency. No assets were subject to currency risk in 2021 or 2020.

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market values (other than those arising from interest rate risk and currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present risk of capital loss. This risk is managed by careful selection of investments. The Church is subject to other price risk to the extent that its proportionate share of investments held by the Consolidated Trust Fund of the Diocese might be affected by any of the factors referred to above.

5. Lease commitment

The Church leases a photocopier under an operating lease that expires in August 2024. Minimum annual payments are \$5,398.

St. Matthew's Anglican Church

Notes to the Financial Statements

December 31, 2021

6. Capital assets

As explained in Note 2, tangible capital assets are not capitalized and amortized. Major categories of tangible capital assets which have not been recorded include church and rectory furnishings and equipment, electronic organ and speakers, computer hardware and software, projection equipment and screen, and major renovations, additions and improvements to the Church and Rectory buildings and grounds that have occurred since the Church was founded.

The cost of land and structures pertaining to the Church and Rectory are not recorded because they are owned by the Diocese. All risks insurance coverage for the year 2021 is as follows:

Church building and contents	\$ 4,997,680
Rectory building and contents	\$ 409,962

The basis of loss settlement is replacement cost. No tangible assets were acquired in 2021. In 2020, a sign costing \$5,867 was expensed.

7. Government Subsidies

Government Covid Subsidy includes government assistance in the form of subsidies for salaries and wages. These subsidies are not subject to any specific terms when received.
