

**St. James Anglican Church of
Caledon East
Financial Statements
For the Year Ended December 31, 2019**

Draft - Subject to Approval

St. James Anglican Church of Caledon East
Financial Statements
For the Year Ended December 31, 2019

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Independent Auditor's Report

To the Church Wardens and Incumbent of
St. James Anglican Church of Caledon East

Qualified Opinion

We have audited the financial statements of St. James Anglican Church of Caledon East (the "Parish"), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenses 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 our opinion, except for the possible 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, 2019, 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 charitable organizations, the Parish derives revenue from donations and other 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 Parish. Therefore, we were unable to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2019 and 2018, net assets as at December 31, 2019 and 2018, and fund balances as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

The completeness and accuracy of tangible capital assets is not susceptible to satisfactory audit verification as the Parish has limited records available. Accordingly, our verification of these assets were limited to the amounts recorded in the records of the Parish. We were unable to determine whether any adjustments might be necessary to amortization, excess of revenue over expenses for the years ended December 31, 2019 and 2018, tangible capital assets and net assets as at December 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended December 31, 2018 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 Parish 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 audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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 Parish'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 Parish'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 Parish'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 Parish'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 Parish 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

Orangeville, Ontario
February 14, 2020

St. James Anglican Church of Caledon East
Statement of Financial Position

December 31	Unrestricted Funds	Capital Asset Funds	Restricted Funds	Endowment Funds	2019	2018
Assets						
Current						
Cash and cash equivalents (Note 3)	62,508	20,902	22,957	-	106,367	151,230
Temporary investments (Note 4)	50,000	-			50,000	-
Investments Consolidated Trust Fund (Note 4)	-	42,421		42,620	85,041	78,733
Accounts receivable (Note 5)	5,404				5,404	3,404
Interfund balances (Note 6)	(53,141)	53,141			-	-
Prepaid expenses	9,780				9,780	7,099
	<u>74,551</u>	<u>116,464</u>	<u>22,957</u>	<u>42,620</u>	<u>256,592</u>	<u>240,466</u>
Capital assets and properties (Note 7)		<u>487,415</u>			<u>487,415</u>	<u>548,508</u>
	<u>74,551</u>	<u>603,879</u>	<u>22,957</u>	<u>42,620</u>	<u>744,007</u>	<u>788,974</u>
Liabilities and fund balances						
Current						
Accounts payable and accrued liabilities (Note 8)	24,114				24,114	24,164
Deferred grant	1,500				1,500	-
	<u>25,614</u>				<u>25,614</u>	<u>24,164</u>
Fund balances						
Externally restricted				42,620	42,620	39,162
Internally restricted		603,879	22,957		626,836	637,597
Unrestricted	48,937				48,937	88,051
	<u>48,937</u>	<u>603,879</u>	<u>22,957</u>	<u>42,620</u>	<u>718,393</u>	<u>764,810</u>
	<u>74,551</u>	<u>603,879</u>	<u>22,957</u>	<u>42,620</u>	<u>744,007</u>	<u>788,974</u>

On behalf of the board:

Director

St. James Anglican Church of Caledon East
Statement of Revenue and Expenses and Changes in Fund Balances

For the year ended December 31	Unrestricted Funds	Capital Asset Funds	Restricted Funds	Endowment Funds	2019	2018
Revenue						
Donations	97,173	41,303	11,585		150,061	120,216
Grants	750	-	-		750	-
Fundraising	9,183				9,183	14,648
Investment income	-	1,737	-	1,559	3,296	3,221
Capital appreciation	-	2,849		2,992	5,841	(5,753)
Property income	104,198				104,198	81,166
	211,304	45,889	11,585	4,551	273,829	213,498
Expenses						
Worship	108,735		1,482		110,217	82,378
Allotment	27,825				27,825	25,274
Outreach	-		5,631		5,631	4,338
Church Office	37,224		112		37,336	36,966
Property	77,644				77,644	73,408
Amortization	-	61,093			61,093	60,935
	251,428	61,093	7,225	-	319,746	283,299
Excess (deficiency) of revenues over expenses	(40,124)	(15,204)	4,360	4,551	(46,417)	(69,801)
Fund balances, beginning of year	88,051	619,083	18,514	39,162	764,810	834,611
Transfer between funds	1,010	-	83	(1,093)	-	-
Fund balances, end of year	48,937	603,879	22,957	42,620	718,393	764,810

St. James Anglican Church of Caledon East
Statement of Cash Flows

For the year ended December 31	2019	2018
Operating activities		
Excess (deficiency) of revenues over expenses	(46,417)	(69,801)
Amortization of capital assets	61,093	60,935
	14,676	(8,866)
Changes in non-cash working capital balances		
Investments	(6,308)	5,704
Accounts receivable	(2,000)	11,362
Prepaid expenses	(2,681)	(7,099)
Accounts payable and accrued liabilities	(50)	(1,237)
Deferred Revenue	1,500	-
	(9,539)	8,730
Investing Activities		
Purchase of capital assets	-	(5,900)
Purchase of temporary investments	(50,000)	-
Increase (decrease) in cash	(44,863)	(6,036)
Cash and cash equivalents, beginning of year	151,230	157,265
Cash and cash equivalents, end of year	106,367	151,230

1. Purpose

St. James Anglican Church of Caledon East (the Parish) is an active Parish within the Incorporated Synod of the Diocese of Toronto. The mission of the Diocese and the Parish is to worship God and proclaim Jesus Christ in the power of the Holy Spirit and to embody, in words and action, God's reconciling love, justice, compassion and liberation through which knowledge of God's reign is extended.

St. James Anglican Church of Caledon East is a registered charitable corporation and is exempt from income tax.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These standards require entities to select policies appropriate for their circumstances from policies provided in these standards. The following are the policies selected by the Parish and applied to these financial statements.

Fund accounting

The activities of the Parish are accounted for using the concepts of restricted fund accounting.

Unrestricted Funds

Revenue and expenses for normal parish activities and operations are reported in the Unrestricted Fund.

Capital Asset Fund

The Capital Asset Fund reports the assets, liabilities, revenue and expenses related to capital assets.

Restricted Funds

Funds externally restricted by donors, the Diocese, or other persons are reported as Restricted Funds. Parish Restricted Funds not requiring funds to be held in perpetuity include FaithWorks, Parish Outreach, Guatemala Mission and Parish Cemetery Maintenance. Donations and related investment income is reported in the Restricted Fund.

Endowment Funds

Endowment contributions, representing donations where external restrictions require the principal to be maintained in perpetuity (or as a 10-year gift) are held by the Dioceses of Toronto in the Consolidated Trust Fund. There are 7 active permanently endowed funds and one 10-year fund. Donations and Investment income from the Endowment Fund is reported in the Fund. Disbursements are made as required by the restrictions.

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. If a restriction is not present, contributions are recognized as revenue of the Unrestricted Fund when earned.

Investments

Investments are held by the Diocese of Toronto Consolidated Trust Fund and stated at fair value as reported by the Diocese of Toronto.

Financial instruments

The Parish considers any contract creating a financial asset or liability as a financial instrument. The Parish's financial instruments comprise cash, receivables, investments, deferred grant and payables. Financial assets and liabilities are initially recorded at their fair value. The Parish subsequently measures all of its financial assets and liabilities at amortized cost, except for investments, which are measured at fair value.

Capital assets

The historical cost of the Parish's oldest land and building capital assets cannot reasonably be determined and have been valued at a nominal \$1.00. Subsequent capital assets have been recorded at cost and amortized over their useful life on the straight-line method. Building additions are amortized over 25 years and furniture and equipment over 5 years. In 2015 the Parish sold the Rectory and initiated renovations to an older Rectory located on the Church premises.

Contributed services

Volunteers contribute substantial hours every year to assist the Parish in carrying out its activities. These contributed services are not recognized in the financial statements.

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St. James Anglican Church of Caledon East
Notes to Financial Statements
December 31, 2019

3. Cash and cash equivalents

Restricted Funds are held in two bank accounts (Parish and Restricted) and Unrestricted Funds in another.

4. Investments

All investments are held in the Consolidated Trust Fund of the Incorporated Synod of the Diocese of Toronto and are carried at fair value.

The parish invested in a GIC in the amount of \$50,000 on September 17, 2019. The GIC will mature in one year and includes interest at 2.05%.

The parish is exposed to interest rate risk arising from its fixed rate investments.

5. Accounts receivable

Included in accounts receivable is government rebate receivable totaling \$4,284 (2018 - \$3,404).

The parish is exposed to concentrations of credit risk related primarily to accounts receivable.

6. Interfund balances

These balances totaling \$53,141 (2018 - \$16,559) are without specific terms of repayment and are non-interest bearing.

7. Capital assets

	Cost	Amortization	Net Book Value 2019	Net Book Value 2018
Original Church Building	1	-	1	1
St. James House and Land	1	-	1	1
St. James House Renovation	73,240	10,128	63,112	66,042
St. James Cemetery	1	-	1	1
Church additions	1,323,571	968,477	355,094	408,036
New Parish Hall Extension	74,399	7,148	67,251	70,227
Furniture and Equipment	11,221	9,266	1,955	4,200
Goodwill	25,000	25,000	-	-
	1,507,434	1,020,019	487,415	548,508

8. Accounts payable and accrued liabilities

Liquidity risk is the risk that the organization will encounter difficulty in meeting its obligations associated with financial liabilities. The parish is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.