
St. Matthew's Anglican Church

Financial Statements

For the year ended December 31, 2020

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Independent Auditor's Report

To the Members of St. Matthew's Anglican Church

We have audited the accompanying financial statements of St. Matthew's Anglican Church, which comprise the Statement of Financial Position as at December 31, 2020, and the Statement of Revenue and Expenses and Balance and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Church's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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.

Basis for Qualified Opinion

St. Matthew's Anglican Church derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of St. Matthew's Anglican Church as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Independent Auditor's Report, continued

Booth & Partners CPA Professional Corporation
Authorized to practise public accounting by The Institute of Chartered Professional Accountants of Ontario

Toronto, Ontario
February 10, 2021

Draft

St. Matthew's Anglican Church

Statement of Financial Position

As of December 31, 2020

	Unrestricted Funds			Externally Restricted Funds		Total 2020	Total 2019
	Operating Fund	Legacy Funds	Total Unrestricted Funds	OOTC Fund	Other Funds (Note 3)		
Assets							
Current assets							
Cash	\$ (30,392)	\$ 173,464	\$ 143,072	\$ 25,510	\$ 40,819	\$ 209,401	\$ 211,514
Investments	-	334,880	334,880	-	-	334,880	318,887
Receivables	4,278	-	4,278	-	-	4,278	-
HST/GST receivable	12,421	-	12,421	-	-	12,421	8,613
Prepaid expenses	4,365	-	4,365	-	-	4,365	5,312
	\$ (9,328)	\$ 508,344	\$ 499,016	\$ 25,510	\$ 40,819	\$ 565,346	\$ 544,325
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	\$ 4,992	\$ -	\$ 4,992	\$ 100	\$ -	\$ 5,092	\$ 4,543
Net Assets							
Fund Balances	(14,319)	508,344	494,024.63	25,410	40,819	\$ 560,254	539,782
	(\$ 9,328)	\$ 508,344	\$ 499,016	\$ 25,510	\$ 40,819	\$ 565,346	\$ 544,325

On behalf of the Church Wardens

Rector's Warden

Peoples' Warden

See accompanying notes to the financial statements

Statement of Revenue and Expenses and Changes in Fund Balances

For the year ended December 31, 2020

	Unrestricted Funds			Externally Restricted Funds		Total 2020	Total 2019
	Operating Fund	Legacy Funds	Total Unrestricted Funds	OOTC Fund	Other Funds (Note 3)		
Revenue							
Envelope offerings	\$ 176,363	\$ -	\$ 176,363	\$ 4,231	\$ 18,294	\$ 198,887	\$ 253,430
Open offerings	863	-	863	-	-	863	3,945
Seasonal offerings	17,990	-	17,990	-	-	17,990	11,765
Rent	72,773	-	72,773	-	-	72,773	84,167
Investment income	-	29,369	29,369	-	-	29,369	34,476
Bequests	-	28,728	28,728	-	-	28,728	5,000
Advertising	300	-	300	-	-	300	700
Fundraising	6,393	-	6,393	-	-	6,393	6,090
Miscellaneous	2,850	-	2,850	59	-	2,909	1,022
Diocesan grant	31,903	39,640	71,544	-	7,000	78,544	40,600
Government Covid Subsidy	13,774	2,429	16,203	-	-	16,203	-
Debt reduction contributions	250	-	250	-	-	250	-
	\$ 323,460	\$ 100,165	\$ 423,626	\$ 4,290	\$ 25,294	\$ 453,209	\$ 441,194
Expenses							
Salaries and benefits	\$ 155,681	\$ 38,265	\$ 193,946	\$ -	\$ -	\$ 193,946	\$ 208,229
Maintenance	76,740	6,581	83,321	-	9,101	92,422	106,066
Office	14,858	-	14,858	-	-	14,858	14,057
Audit	4,301	-	4,301	-	-	4,301	3,500
Worship and ministry	4,690	500	5,190	-	6,922	12,112	12,950
Parish events	2,438	-	2,438	-	-	2,438	3,999
Insurance	8,901	-	8,901	-	-	8,901	7,620
Miscellaneous	5,523	-	5,523	9,806	-	15,328	15,866
HST/GST Adjustment	-	-	-	-	-	-	(3,579)
Outreach	-	-	-	-	13,150	13,150	12,441
Major renovations - Rectory	-	29,306	29,306	-	-	29,306	-
Synod	45,976	-	45,976	-	-	45,976	43,819
	\$ 319,108	\$ 74,652	\$ 393,760	\$ 9,806	\$ 29,172	\$ 432,737	\$ 424,968
Excess (deficiency) of revenue over expenses	\$ 4,352	\$ 25,513	\$ 29,865	\$ (5,516)	\$ (3,878)	\$ 20,472	\$ 16,226
Fund balances, beginning of year	(18,672)	482,831	464,159	30,926	44,697	539,781	523,555
Fund balances, end of year	\$ (14,319)	\$ 508,344	\$ 494,025	\$ 25,410	\$ 40,819	\$ 560,252.98	\$ 539,781

See accompanying notes to the financial statements

St. Matthew's Anglican Church

Statement of Cash Flows

For the year ended December 31, 2020

	Unrestricted Funds			Externally Restricted Funds		Total 2020	Total 2019
	Operating Fund	Legacy Funds	Total Unrestricted Funds	OOTC Fund	Other Funds (Note 3)		
Operating Activities							
Net income (loss)	\$ 4,352	\$ 25,513	\$ 29,865	\$ (5,516)	\$ (3,878)	\$ 20,472	\$ 16,226
Change in non-cash working capital							
Investments	\$ -	\$ (15,993)	\$ (15,993)	\$ -	\$ -	\$ (15,993)	\$ (21,367)
Accounts receivable	- 4,278	- -	4,278	-	-	(4,278)	3,492
HST/GST receivable	(3,808)	-	(3,808)	-	-	(3,808)	10,886
Prepays	(4,365)	-	(4,365)	5,312	-	947	406
Payables and accruals	1,074	-	1,074	(525)	-	549	(3,186)
Total change in non-cash working capital	\$ (11,378)	\$ (15,993)	\$ (27,371)	\$ 4,787	\$ -	\$ (22,584)	\$ (9,769)
Increase (decrease) in cash	(7,025)	9,520	2,494	(729)	(3,878)	(2,112)	6,457
Cash, beginning of year	(23,367)	163,944	140,578	26,239	44,697	211,514	205,056
Cash, end of year	\$ (30,392)	\$ 173,464	\$ 143,072	\$ 25,510	\$ 40,819	\$ 209,401	\$ 211,514

See accompanying notes to the financial statements

St. Matthew's Anglican Church

Notes to the Financial Statements

December 31, 2020

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 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

Management 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 management 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 any 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 management, legacy funds can be used for any purpose.

St. Matthew's Anglican Church

Notes to the Financial Statements

December 31, 2020

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

Management 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 management's best estimate. Management 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, 2020

Financial instruments

Receivables, prepaid and HST/GST receivable are measured at fair value.

Investments are classified as held for trading and are measured at fair value with capital appreciation (depreciation) being reported in the Statement of Revenue and Expenses and Changes in Fund Balances.

Payables and accruals are classified as other financial liabilities and measured at fair value.

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 2019	Income	Expenses	Transfers	December 31 2020
Organ/Music	\$ 626	\$ 123	\$ -	\$ -	\$ 749
Cadence	3,763	-	-	-	3,763
Building	3,090	1,045	3,234	-	901
Memorials	-	2,600	2,323	-	277
Club Matt	2,645	119	152	-	2,612
Club Matt Youth	1,486	370	250	-	1,605
Youth Ministry Development Grant	-	2,000	-	-	2,000
Reach Grant	-	5,000	3,994	-	1,006
Adult Education/Alpha	29	328	114	-	242
Baseball Program	2,955	-	-	-	2,955
Food cupboard	1,084	-	-	-	1,084
Honours Gift	50	150	-	-	200
Our Faith Our Hope - Greening	6,671	-	-	-	6,671
Outreach - Regular	4,495	7,025	6,788	228	4,960
Faithworks	-	1,520	1,292	(228)	-
PWRDF	-	5,003	5,003	-	-
Rector's discretionary	1,045	10	66	-	988
Sacristy/Flowers	88	-	88	-	-
Sign	10,239	-	5,867	-	4,372
Student bursary	3,919	-	-	-	3,919
Prayer book	2,515	-	-	-	2,515
	<u>\$ 44,697</u>	<u>\$ 25,294</u>	<u>\$ 29,172</u>	<u>\$ -</u>	<u>\$ 40,819</u>

St. Matthew's Anglican Church
Notes to the Financial Statements
December 31, 2020

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 management, 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 management, the 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.

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.

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.

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.

Fair value

Management estimates that the fair value of receivables, goods and services tax recoverable, payables and accruals approximate their carrying value.

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, 2020

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	\$ 4,852,116
Rectory building and contents	\$ 398,021

The basis of loss settlement is replacement cost. During the year, tangible capital assets costing \$ 0 were expensed (\$ 7,011 in 2019).
