

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

Qualified Opinion

We have audited the financial statements of St. Dunstan of Canterbury Anglican Church (the Organization), which comprise the statement of financial position as at December 31, 2020 and the statements of revenues and expenditures and changes in net assets 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 financial statements present fairly, in all material respects the financial position of St. Dunstan of Canterbury Anglican Church as at December 31, 2020 and the results of its operations and cash flow 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, St. Dunstan of Canterbury Anglican Church derives a portion of its revenue from the general public in the form of special activities, rental income and outreach revenues, 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 St. Dunstan of Canterbury Anglican Church. Therefore, we were not able to determine whether any adjustments might be necessary to special activities, rental income and outreach revenues, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2019 and 2020 and current assets as at December 31, 2019 and 2020 and net assets as at January 1 and December 31 for both the 2019 and 2020 years. 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 Organization 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.

Emphasis of Matter

We draw attention to Note 13 in the financial statements, which explains that certain comparative information presented on the "Statement of Net Assets" for the year ending December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

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

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:

INDEPENDENT AUDITORS' REPORT (CONTINUED)

- 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 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 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 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.

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.

Dawn Flett & Associates

Chartered Professional Accountant

Licensed Public Accountant

June 27, 2021

Ajax, Ontario

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Revenue		
Collections	\$ 311,795	\$ 320,665
Designated gifts	4,871	7,853
Outreach revenues	1,148	7,964
Rental income (Note 3)	25,575	69,569
Special activities (Note 3)	5,300	33,962
Other income (Note 3)	10,590	27,628
Grants & Subsidies	<u>52,128</u>	<u>-</u>
	<u>411,407</u>	<u>467,641</u>
Expenses		
Assessment	56,368	57,691
Clergy	156,417	154,107
Designated gifts	4,871	7,853
Operations	32,262	62,904
Outreach expenses	1,148	7,964
Property expenses	49,407	74,560
Salaries	<u>79,002</u>	<u>82,935</u>
	<u>379,475</u>	<u>448,014</u>
Net revenue from general operations	31,932	19,627
Other revenue and expenses		
Depreciation	(25,327)	(26,067)
Partition walls	-	(81)
Rectory and Asset Fund interest and dividend income	14,775	15,568
Rectory and Asset Fund market value gain (loss)	<u>12,227</u>	<u>28,376</u>
NET REVENUE OVER EXPENSES	<u>\$ 33,607</u>	<u>\$ 37,423</u>

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u> (Restated) <u>Note 13</u>
Accumulated Surplus/(Deficit)		
Opening surplus/(deficit)	\$ (126,557)	\$ (146,103)
Capital asset adjustment (Note 13)	<u>78,000</u>	<u>78,000</u>
Total opening surplus/(deficit) restated	(48,557)	(68,103)
Net revenue over expenses (expenses over revenue)	33,607	37,423
Depreciation	25,327	26,067
Investment in capital assets	(3,796)	-
Transfer Net Revenue to St. Dunstan Asset Fund	(7,082)	(10,600)
Transfer Net Revenue to Rectory Fund	<u>(19,920)</u>	<u>(33,344)</u>
Closing balance	<u>\$ (20,421)</u>	<u>\$ (48,557)</u>
 Investment in Capital Assets		
Opening balance	\$ 759,381	\$ 785,448
Capital asset adjustment (Note 13)	<u>(78,000)</u>	<u>(78,000)</u>
Total opening balance restated	681,381	707,448
Depreciation	(25,327)	(26,067)
Investment in capital assets	<u>3,796</u>	<u>-</u>
Closing balance	<u>\$ 659,850</u>	<u>\$ 681,381</u>
 St. Dunstan Assets Fund (Note 3)		
Opening balance	\$ 100,718	\$ 90,118
Interest and dividends earned on investment	4,300	4,018
Adjust for market value gain (loss)	<u>2,782</u>	<u>6,582</u>
Closing balance	<u>\$ 107,800</u>	<u>\$ 100,718</u>
 St. Dunstan Rectory Fund (Note 4)		
Opening balance	\$ 371,321	\$ 255,558
Interest and dividends earned on investment and loan	10,474	11,550
Adjust for market value gain (loss)	9,446	21,794
Repayment of AV equipment and partition walls loan	<u>20,686</u>	<u>82,419</u>
Closing balance	<u>\$ 411,927</u>	<u>\$ 371,321</u>

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

BALANCE SHEET

AS AT DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u> (Restated) <u>Note 13</u>
<u>ASSETS</u>		
Current		
Cash	\$ 107,656	\$ 86,725
Accounts receivable	1,035	1,500
HST rebate receivable	7,191	9,706
Short-term investments - Assets Fund (Note 5)	<u>107,800</u>	<u>100,718</u>
	<u>223,682</u>	<u>198,649</u>
Investments - Rectory Fund (Note 5)	411,926	371,321
Fixed (Note 6)	<u>698,850</u>	<u>735,981</u>
	<u>\$ 1,334,458</u>	<u>\$ 1,305,951</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued charges	\$ 16,903	\$ 15,092
Deferred donations - Designated funds (Note 7)	49,987	39,717
Deferred donations - Outreach funds (Note 8)	8,517	10,098
Deferred donations - Capital contributions (Note 10)	<u>39,000</u>	<u>54,600</u>
	<u>114,407</u>	<u>119,507</u>
Long Term		
Loan payable St. Dunstan Rectory Fund (Note 11)	<u>60,895</u>	<u>81,581</u>
<u>NET ASSETS</u>		
Investment in Capital Assets (Note 13)	659,850	681,381
St. Dunstan Assets Fund	107,800	100,718
St. Dunstan Rectory Fund	411,927	371,321
Accumulated Surplus (Deficit) (Note 13)	<u>(20,421)</u>	<u>(48,557)</u>
	<u>1,159,156</u>	<u>1,104,863</u>
	<u>\$ 1,334,458</u>	<u>\$ 1,305,951</u>

Approved by the Board of Directors:

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Cash provided by (used in) operating activities:		
Excess of revenue over expenses	\$ 33,607	\$ 37,423
Items not affecting cash:		
Depreciation of capital assets	25,327	26,067
Market value adjustment Rectory and Asset Fund	(12,227)	(28,376)
Items not affecting cash:		
Changes in non-cash working capital:		
Accounts receivable	465	(1,500)
HST rebate receivable	2,515	16,080
Prepaid expenses	-	1,797
Accounts payable and accrued charges	1,811	(21,296)
Deferred donations - Designated funds	10,270	46
Deferred donations - Outreach funds	<u>(1,581)</u>	<u>1,825</u>
	<u>60,187</u>	<u>32,066</u>
Cash provided by (used in) investment activities:		
Asset and Rectory Fund purchases	(12,156)	(10,809)
Purchase of capital assets	<u>(3,796)</u>	<u>-</u>
	<u>(15,952)</u>	<u>(10,809)</u>
Cash provided by(used in) financing activities:		
Loan from Rectory Fund	<u>(23,304)</u>	<u>(87,178)</u>
Cash Provided (Used)	20,931	(65,921)
Cash, Beginning of Year	<u>86,725</u>	<u>152,646</u>
Cash, End of Year	<u>\$ 107,656</u>	<u>\$ 86,725</u>

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

1. Nature of Operations

St. Dunstan of Canterbury Anglican Church is a member of the Incorporated Synod of the Anglican Diocese of Toronto. Its purpose is to provide religious and related community functions in the local parish to members and adherents of the Anglican communion. The Organization is a registered charity under the Income Tax Act of Canada and is therefore exempt from payment of income taxes.

2. Significant Accounting Policies

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

(a) Depreciation

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Depreciation is provided on the following basis designed to amortize the assets over their estimated lives:

Building	2% straight-line
Computer hardware	50% straight-line
Furniture and fixtures	20% straight-line
Sign	20% straight-line
Audio and visual equipment	20% straight-line
Equipment	20% straight-line

(b) Revenue Recognition

Unrestricted donations and other revenues are recognized as revenue when cash is received or receivable. Restricted donations are recognized as revenue in the year in which the related expenses are incurred.

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

2. Significant Accounting Policies (Cont'd)

(c) Contributed Services

The activities of the Organization are dependent upon the voluntary services of many individuals. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(d) Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Included in these financial statements are estimates for accounts receivable and accounts payable, accrued liabilities and deferred revenue .

3. St. Dunstan Assets Fund

The purpose of this restricted reserve is to accumulate funds for the replacement of capital assets.

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

4. St. Dunstan Rectory Fund

This restricted reserve is a result of the sale of the rectory. The funds are required to be held by the Incorporated Diocese of Toronto in trust for the parish.

5. Investments

These investments are held by the Incorporated Synod of the Anglican Diocese of Toronto in Parish Funds and represent the St. Dunstan Assets Fund and the St. Dunstan Rectory Fund. The Organization has no control over how these investments are managed. Interest and dividends earned on the Assets Fund remain in the investment. Half of all interest and dividends earned on the rectory fund is paid out to the Organization to offset a portion of the rector's housing allowance and the remainder is reinvested. The investments are recorded at market value.

6. Fixed Assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2020 Net</u>	<u>2019 Net</u>
Land	\$ 253,764	\$ -	\$ 253,764	\$ 253,764
Building	1,006,789	615,567	391,222	411,358
Furniture and equipment	132,150	132,150	-	-
Computer hardware	10,099	8,632	1,467	750
Equipment	9,608	5,514	4,094	2,484
Sign	29,316	29,316	-	-
Audio & video equipment	<u>96,607</u>	<u>48,304</u>	<u>48,303</u>	<u>67,625</u>
	<u>\$1,538,333</u>	<u>\$ 839,483</u>	<u>\$ 698,850</u>	<u>\$ 735,981</u>

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

7. Deferred Donations - Designated Funds

Donations designated for specific purposes are deferred until spent and consist of the following:

	<u>2019</u>	<u>Revenue</u>	<u>Expense</u>	<u>2020</u>
25th Anniversary fund	\$ 192	\$ -	\$ -	\$ 192
Canterbury Knights	20	-	-	20
Infrared Sound fund	58	-	-	58
Faith Works fund	3,078	3,386	3,590	2,874
Primate's World Relief	456	824	1,280	-
Foodbank	433	-	-	433
Kids for Peace	2,341	-	-	2,341
Accessibility fund	1,318	-	-	1,318
Heating fund	100	-	-	100
Choir fund	665	-	-	665
Music fund	174	-	-	174
Church school	300	-	-	300
Kneeler fund	127	-	-	127
Memorial fund	22,251	1,755	-	24,006
Piano fund	178	-	-	178
Scout fund	5,752	-	-	5,752
Social Club	921	-	-	921
Kitchen fund	1,353	-	-	1,353
Debt Repayment	-	6,520	-	6,520
Prayer Garden	-	2,655	-	2,655
	<u>\$ 39,717</u>	<u>\$ 15,140</u>	<u>\$ 4,870</u>	<u>\$ 49,987</u>

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

8. Deferred Donations - Outreach Funds

These funds are controlled by the Outreach Committee of the parish. At the end of each year the committee disburses the funds to local, national and worldwide charities. These funds are not available for the programs of St. Dunstan of Canterbury Anglican Church.

The current year's activities were as follows:

Opening balance		\$ 10,098
Revenue		
Fundraising	\$ 2,222	
Donations	<u>-</u>	<u>2,222</u>
		12,320
Expenditures		
Pastoral care	(360)	
Prayer Garden	2,655	
Fundraising	693	
Donations	<u>815</u>	<u>3,803</u>
Closing balance		<u>\$ 8,517</u>

9. Commitments

Equipment Lease

The Organization entered into a new photocopier lease with DLL Financial Solutions Partner. The lease started on November 1, 2020 and will expire October 31, 2025. The quarterly lease payments are \$822.25 plus applicable taxes.

Lawn Maintenance

The Organization has signed a lawn maintenance contract for the period May, 2021 to October, 2021. The total cost is \$3,770 plus applicable taxes.

Snow Removal

The Organization has signed a snow removal contract for the period December, 2020 to March, 2021. The total cost is \$4,600 plus applicable taxes.

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

10. Deferred Capital Contributions

The Organization received \$78,000 from prior year donations to put towards a new audio and visual equipment. Accumulated depreciation in the amount of \$39,000 (2019-\$23,400) has been claimed against this funding leaving a net balance of \$39,000 (2019-\$54,600). The deferred contributions are amortized at the rate of 20% using the straight line method on an annual basis.

11. Loan Payable to Rectory Fund

In 2018 Rectory Fund investments were sold and a \$164,000 loan was advanced to fund the partition walls and new audio and visual equipment. The loan is being repaid to the fund over a seven year period plus interest at 3.2%.

12. Subsequent event

The outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. On March 17, 2020 and January 12, 2021, the Province of Ontario declared a state of emergency. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The COVID-19 outbreak may negatively impact the valuation of portfolio investments as well as the amount of the Organization's revenue in the event that planned fundraising events are cancelled; however, the duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Organization in future periods.

13. Restatement of 2019 Figures

The "Statement of Net Assets" for 2019 has been restated to correct the reporting of an overstatement of "Investment in Capital Assets" in 2018 totalling \$78,000. This amount pertains to the deferred capital contributions received for the A/V System (see Note 10 above). The Accumulated Deficit was overstated by \$78,000 and the Investment in Capital Assets was overstated by \$78,000. This reporting adjustment has no effect on the overall net revenue/equity from 2018/2019.