

**ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of St. Dunstan of Canterbury Anglican Church, which comprise the balance sheet as at December 31, 2018 and the statements of earnings, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Opinion paragraph, the financial statements present fairly, in all material respects the financial position of St. Dunstan of Canterbury Anglican Church as at December 31, 2018 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

As is the case with many charitable organizations, St. Dunstan of Canterbury Anglican Church derives a portion of its income from the general public in the form of special activities, rental income and outreach revenues, which are not susceptible to complete audit verification. Accordingly, our verification of this revenue was limited to accounting for the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses, assets and deferred income and unrestricted net assets.

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.

#### 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 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 based on these financial statements.

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 organization'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 organization'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.

*Dawn Hett & Associates*

Chartered Professional Accountant

Licensed Public Accountant

May 22, 2019

Ajax, Ontario

**ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH**

**STATEMENT OF EARNINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>Revenue</b>		
Collections	\$ 305,919	\$ 301,334
Designated gifts	7,183	15,550
Outreach revenues	8,190	6,255
Rental income (Note 3)	52,322	51,100
Special activities (Note 3)	17,873	24,138
Other income (Note 3)	<u>10,780</u>	<u>11,969</u>
	<u>402,267</u>	<u>410,346</u>
<b>Expenses</b>		
Assessment	57,586	56,029
Clergy	151,363	148,960
Designated gifts	7,183	15,550
Operations	36,753	36,371
Outreach expenses	8,190	6,255
Property expenses	63,790	70,636
Salaries	<u>80,509</u>	<u>78,340</u>
	<u>405,374</u>	<u>412,141</u>
<b>Net revenue (expenses) from general operations</b>	(3,107)	(1,795)
<b>Other revenue and expenses</b>		
Depreciation	(23,680)	(21,291)
Partition walls	(69,832)	-
Heating system	-	(17,857)
Our Faith Our Hope Campaign	1,106	3,750
Rectory and Asset Fund interest and dividend income	11,649	12,381
Rectory and Asset Fund market value gain (loss)	<u>(25,252)</u>	<u>24,471</u>
<b>NET REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)</b>	<u>\$ (109,116)</u>	<u>\$ (341)</u>

**ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH**

**STATEMENT OF NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>Accumulated Surplus</b>		
Opening surplus	\$ 8,886	\$ 24,787
Net revenue over expenses (expenses over revenue)	(109,116)	(341)
Depreciation	23,680	21,291
Investment in capital assets	(103,157)	-
Transfer Net Revenue to St. Dunstan Asset Fund	3,328	(9,258)
Transfer Net Revenue to Rectory Fund	10,276	(27,593)
Transfer from St. Dunstan Asset Fund	<u>20,000</u>	<u>-</u>
Closing balance	<u>\$ (146,103)</u>	<u>\$ 8,886</u>
<b>Investment in Capital Assets</b>		
Opening balance	\$ 705,972	\$ 727,263
Depreciation	(23,680)	(21,291)
Investment in capital assets	<u>103,157</u>	<u>-</u>
Closing balance	<u>\$ 785,449</u>	<u>\$ 705,972</u>
<b>St. Dunstan Assets Fund (Note 4)</b>		
Opening balance	\$ 113,445	\$ 104,188
Interest and dividends earned on investment	3,925	4,218
Adjust for market value gain (loss)	(7,252)	5,039
Transfer to accumulated surplus	<u>(20,000)</u>	<u>-</u>
Closing balance	<u>\$ 90,118</u>	<u>\$ 113,445</u>
<b>St. Dunstan Rectory Fund (Note 5)</b>		
Opening balance	\$ 429,833	\$ 402,240
Interest and dividends earned on investment and loan	7,725	8,162
Adjust for market value gain (loss)	(18,000)	19,431
Loan advance for AV equipment and partition walls	<u>(164,000)</u>	<u>-</u>
Closing balance	<u>\$ 255,558</u>	<u>\$ 429,833</u>

**ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH**

**BALANCE SHEET**

**AS AT DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
<b>Current</b>		
Cash	\$ 152,646	\$ 69,081
Accounts receivable	25,786	9,496
Short-term investments - Assets Fund (Note 6)	90,118	113,446
Prepaid expenses	<u>1,797</u>	<u>1,658</u>
	<u>270,347</u>	<u>193,681</u>
Investments - Rectory Fund (Note 6)	255,558	429,834
Fixed (Note 7)	<u>777,648</u>	<u>705,972</u>
	<u>\$ 1,303,553</u>	<u>\$ 1,329,487</u>
 <b><u>LIABILITIES</u></b>		
<b>Current</b>		
Accounts payable and accrued charges	\$ 36,387	\$ 28,893
Deferred donations - Designated funds (Note 8)	39,671	35,339
Deferred donations - Outreach funds (Note 9)	8,273	7,119
Deferred donations -Capital contributions (Note 11)	<u>70,200</u>	<u>-</u>
	<u>154,531</u>	<u>71,351</u>
<b>Long Term</b>		
Loan payable St. Dunstan Rectory Fund (Note 12)	<u>164,000</u>	<u>-</u>
 <b><u>NET ASSETS</u></b>		
Investment in Capital Assets	785,449	705,972
St. Dunstan Assets Fund	90,118	113,445
St. Dunstan Rectory Fund	255,558	429,833
Accumulated Surplus (Deficit)	<u>(146,103)</u>	<u>8,886</u>
	<u>985,022</u>	<u>1,258,136</u>
	<u>\$ 1,303,553</u>	<u>\$ 1,329,487</u>

Approved by the Board of Directors:

*Dawn Flett & Associates Chartered Accountant*

**ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH**

**STATEMENT OF CASH FLOW**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>Cash provided by (used in) operating activities:</b>		
Excess of revenue over expenses	\$ (109,116)	\$ (341)
<b>Items not affecting cash:</b>		
Depreciation of capital assets	23,680	21,291
Market value adjustment Rectory and Asset Fund	25,252	(24,471)
<b>Items not affecting cash:</b>		
<b>Changes in non-cash working capital:</b>		
Accounts receivable	(16,290)	3,299
Prepaid expenses	(139)	(689)
Accounts payable and accrued charges	7,498	15,691
Deferred donations - designated funds	4,332	2,224
Deferred donations - Outreach funds	<u>1,154</u>	<u>1,420</u>
	<u>(63,629)</u>	<u>18,424</u>
<b>Cash provided by (used in) investment activities:</b>		
Asset and Rectory Fund purchases	(11,649)	(12,382)
Purchase of capital assets	<u>(103,157)</u>	<u>-</u>
	<u>(114,806)</u>	<u>(12,382)</u>
<b>Cash provided by (used in) financing activities:</b>		
Capital Contributions	78,000	-
Loan from Rectory Fund	164,000	-
Sale of Asset Fund investments	<u>20,000</u>	<u>-</u>
	<u>262,000</u>	<u>-</u>
<b>Cash Provided</b>	<b>83,565</b>	<b>6,042</b>
<b>Cash, Beginning of Year</b>	<u><b>69,081</b></u>	<u><b>63,039</b></u>
<b>Cash, End of Year</b>	<u><u><b>\$ 152,646</b></u></u>	<u><u><b>\$ 69,081</b></u></u>

# **ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH**

## **NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2018**

### **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:**

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

#### **(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, 2018**

**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. Rental, Other Income and Special Activities Revenue**

**(a) Rental income revenue is shown net of rental expenses of \$6,925 (\$8,550: 2017).**

**(b) Special activities revenue is shown net of special activities expenses of \$1,437 (\$10,964: 2017).**

**(c) Other income revenue is shown net of fundraising expense of \$Nil ( \$75: 2017).**

**4. 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, 2018**

**5. 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.

**6. 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.

**7. Fixed Assets**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2018 Net</u>	<u>2017 Net</u>
Land	\$ 253,764	\$ -	\$ 253,764	\$ 253,764
Building	1,006,789	575,295	431,494	451,630
Furniture and equipment	132,150	132,150	-	-
Computer hardware	8,643	6,393	2,250	578
Equipment	7,267	4,073	3,194	-
Sign	29,316	29,316	-	-
Audio & video equipment	<u>96,607</u>	<u>9,661</u>	<u>86,946</u>	<u>-</u>
	<u>\$1,534,536</u>	<u>\$ 756,888</u>	<u>\$ 777,648</u>	<u>\$ 705,972</u>

**ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2018**

**8. Deferred Donations - Designated Funds**

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

	<u>2017</u>	<u>Revenue</u>	<u>Expense</u>	<u>2018</u>
25th Anniversary fund	\$ 192	\$ -	\$ -	\$ 192
Canterbury Knights	1,020	-	1,000	20
Infrared Sound fund	58	-	-	58
Faith Works fund	1,967	6,310	4,731	3,546
Primate's World Relief	136	3,180	1,810	1,506
Foodbank	433	-	-	433
Kids for Peace	2,341	-	-	2,341
Accessibility fund	1,318	-	-	1,318
Heating fund	-	100	-	100
Choir fund	465	50	-	515
Church school	300	-	-	300
Kneeler fund	127	-	-	127
Memorial fund	18,778	2,875	642	21,011
Piano fund	178	-	-	178
Scout fund	5,752	-	-	5,752
Social Club	921	-	-	921
Kitchen fund	<u>1,353</u>	<u>-</u>	<u>-</u>	<u>1,353</u>
	<u>\$ 35,339</u>	<u>\$ 12,515</u>	<u>\$ 8,183</u>	<u>\$ 39,671</u>

The Canterbury Knights fund contributed \$1,000 towards the partition walls.

**ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2018**

**9. 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		\$ 7,119
Revenue		
Fundraising	\$ 9,918	
Donations	<u>426</u>	<u>10,344</u>
		17,463
Expenditures		
Pastoral care	2,000	
Donations	<u>6,190</u>	8,190
Contribution towards partition walls		<u>1,000</u>
Closing balance		<u>\$ 8,273</u>

Fundraising revenue is shown net of expenses of \$6,014.

**10. Commitments**

**Equipment Lease**

The Organization leases a photocopier under an operating lease expiring December, 2020. The annual lease payments are \$4,226 plus applicable taxes.

**Lawn Maintenance**

The Organization has signed a lawn maintenance contract for the period May, 2019 to October, 2019. The total cost is \$3,770 plus applicable taxes.

**Snow Removal**

The Organization has signed a snow removal contract for the period December, 2018 to March, 2019. The total cost is \$4,600 plus applicable taxes.

**ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2018**

**11. Deferred Capital Contributions**

The Organization received \$78,000 in donations during the year towards a new audio and visual equipment. Accumulated depreciation in the amount of \$7,800 (2017- \$Nil) has been claimed against this funding leaving a net balance of \$70,200 (2017-\$Nil). The deferred contributions are amortized at the rate of 20% using the straight line method on an annual basis.

**12. 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%.

**13. Comparatives**

Certain comparative figures have been reclassified to conform to the current year's method of presentation.