



WALSH & COMPANY
Professional Corporation
Chartered Professional Accountants

ST. OLAVE'S ANGLICAN CHURCH

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS	4
STATEMENT OF FUND BALANCES	5
STATEMENT OF CASH FLOW	6
NOTES TO FINANCIAL STATEMENTS	7





INDEPENDENT AUDITORS' REPORT

To the Members of St. Olave's Anglican Church

Qualified Opinion

We have audited the financial statements of St. Olave's Anglican Church (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 section, 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, 2021 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 is sufficient and appropriate to provide a basis for our qualified 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 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 26, 2022**



WALSH & COMPANY
Professional Corporation
Chartered Professional Accountants

ST. OLAVE'S ANGLICAN CHURCH
STATEMENT OF FINANCIAL POSITION
As at December 31,

	2021	2020
		<i>(Notes 2 & 8)</i>
Assets		
Current assets		
Cash	\$ 122,806	\$ 121,165
Other receivable	480	6,943
HST receivable	4,726	5,729
	<u>128,012</u>	<u>133,837</u>
Other Assets		
Investments - Capital investment fund (Note 4)	745,410	626,013
Investments - Second century fund (Note 4)	272,743	222,437
Investments - Consolidated trust fund (Note 2)	194,633	169,734
	<u>1,212,786</u>	<u>1,018,184</u>
	<u>\$ 1,340,798</u>	<u>\$ 1,152,021</u>

Liabilities

Current liabilities		
Accounts payable and accrued liabilities	\$ 4,000	\$ 3,500

Fund balances

Operating fund	37,543	53,739
Consolidated trust fund	194,633	169,734
Capital investment fund	763,224	632,885
Second century fund	237,003	189,045
Romania fund	100,526	100,675
ACW fund	3,869	2,443
	<u>1,336,798</u>	<u>1,148,521</u>
	<u>\$ 1,340,798</u>	<u>\$ 1,152,021</u>

Approved on behalf of the board

_____ People's Warden

_____ Rectory's Warden

ST. OLAVE'S ANGLICAN CHURCH
STATEMENT OF OPERATIONS

For the year ended December 31,

	Operating fund	Consolidated trust fund	Capital investment fund	Second century fund	Romania fund	ACW fund	Total 2021	Total 2020
								(Notes 2 & 8)
Revenue								
PWRDF, Memorial flowers, Rector's discretion, Curacy, grants and windows	\$ 59,619	\$ -	\$ -	\$ 1,672	\$ 130,051	\$ 3,572	\$ 194,914	\$ 168,046
weekly offerings, stock transfers, PAG, tithe.ly and seasonal gifts	170,264	-	-	-	-	-	170,264	190,742
CEWS	19,321	-	-	-	-	-	19,321	12,758
Consolidated Trust Fund and Capital Investment Fund	15,264	-	23,303	10,104	-	-	48,671	37,951
	11,900	-	33,000	-	-	-	44,900	12,125
	124	-	-	-	-	-	124	1,786
	11,845	-	-	-	-	-	11,845	15,051
	-	-	(23,183)	555	-	-	(22,628)	(979)
	14,905	-	-	-	-	-	14,905	8,715
	-	24,899	144,522	54,027	-	-	223,448	(68,345)
	303,242	24,899	177,642	66,358	130,051	3,572	705,764	377,850
Expenses								
Does not include capital fund transfer	-	-	-	-	-	2,146	2,146	1,323
Includes operating expenses and capital expenses	89,134	-	-	-	-	-	89,134	100,003
	39,529	-	-	-	-	-	39,529	39,013
	1,876	-	-	-	-	-	1,876	1,629
	9,000	-	-	-	-	-	9,000	10,767
	111,191	-	-	-	-	-	111,191	90,981
	61,722	-	-	-	-	-	61,722	64,928
	2,293	-	-	18,400	130,200	-	150,893	104,919
	10,279	-	-	-	-	-	10,279	11,196
includes music	41,633	-	-	-	-	-	41,633	31,431
	84	-	-	-	-	-	84	28
	366,741	-	-	18,400	130,200	2,146	517,487	456,218
Excess of (expenses over revenue)								
revenue over expenses	\$ (63,499)	\$ 24,899	\$ 177,642	\$ 47,958	\$ (149)	\$ 1,426	\$ 188,277	\$ (78,368)

**ST. OLAVE'S ANGLICAN CHURCH
STATEMENT OF FUND BALANCES**

For the year ended December 31

	Operating fund	Consolidated trust fund	Capital investment fund	Second century fund	Romania fund	ACW fund	Total 2021	Total 2020
								<i>(Notes 2 & 8)</i>
Balance, beginning of year	\$ 53,739	\$ 169,734	\$ 632,885	\$ 189,045	\$ 100,675	\$ 2,443	\$ 1,148,521	\$ 1,226,889
Excess of (expenses over revenue) revenue over expenses	(63,499)	24,899	177,642	47,958	(149)	1,426	188,277	(78,368)
Balance, ending of year	\$ (9,760)	\$ 194,633	\$ 810,527	\$ 237,003	\$ 100,526	\$ 3,869	\$ 1,336,798	\$ 1,148,521

ST. OLAVE'S ANGLICAN CHURCH
STATEMENT OF CASH FLOW
For the year ended December 31,

	2021	2020
		<i>(Notes 2 & 8)</i>
Operating activities		
Excess of revenue over expenses (expenses over revenue)	\$ 188,277	\$ (78,368)
Add items not affecting cash:		
Unrealized gains (losses) - Capital investment fund	(144,522)	86,806
Unrealized gains (losses) - Second century fund	(54,027)	26,230
Unrealized gains (losses) - Consolidated trust fund	(24,899)	(3,864)
	(35,171)	30,804
Change in non-cash working capital items		
Other receivable	6,463	(6,463)
HST receivable	1,003	3,304
Accounts payable and accrued liabilities	500	(706)
	(27,205)	26,939
Investing activities		
Purchase of investments	(70,528)	-
Disposal of investments	99,374	-
	28,846	-
Increase in cash	1,641	26,939
Cash, beginning of year	121,165	94,226
Cash, end of year	\$ 122,806	\$ 121,165

ST. OLAVE'S ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31,

1. Purpose and legal form of the Organization

St. Olave's Anglican Church ("the Church") is established and operates under the Constitution and Canons of the Incorporated Synod of the Diocese of Toronto. The Church is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes (provided certain disbursement requirements are met).

2. Prior period adjustment

The comparative figures have been retroactively restated to reflect investments applicable to 2020 and prior which were not previously recorded. The investment held by the Diocese on behalf of the Church should have been recorded under the statement of financial position. As a result, the following financial statement line items have been increased by the following amounts:

Statement of financial position as at December 31, 2020

Investments - Consolidated trust fund	\$	169,734
Operating fund	\$	770
Consolidated trust fund	\$	169,065

Statement of operations for the year ended December 31, 2020

Unrealized gains (losses)	\$	3,864
Excess of (expenses over revenue) revenue over expenses	\$	3,864

Statement of fund balances for the year ended December 31, 2020

Balance, beginning of year (Operating fund)	\$	670
Balance, beginning of year (Consolidated trust fund)	\$	169,065

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Fund accounting

The Church adopts the principles of fund accounting, under which resources, obligations and transactions for particular purposes are classified into funds corresponding to these purposes.

The Operating fund accounts for revenues, expenses, assets and liabilities related to the operations and the Church's mission in the local area and beyond.

The Capital fund reports the assets, liabilities, revenues and expenses related to the capital repairs, replacements, and enhancements that the Wardens may deem necessary.

ST. OLAVE'S ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31,

3. Significant accounting policies, continued**Fund accounting, continued**

The Second century fund provides funds on a regular basis to those mission organization/activities (local, national and international deemed worthy from time to time by the Second century fund (committee.)

The Romania mission fund reports the assets, liabilities, revenues and expenses related to the Church's mission to needy orphaned children in Romania.

The Consolidated trust fund refers to surplus funds from the sale of the old rectory held in trust by the Diocese. Funds are released upon approval by the Diocese of St. Olave's application for assistance with specific expenses (based on motions passed at special vestry). Quarterly dividends are transferred to the Church without spending restrictions.

Revenue recognition

The Church follows the restricted fund method of accounting for contributions.

Donations are recorded as revenue when received, or when they may be reasonably estimated and collection is reasonably assured.

Rentals of the Church's facilities, including parking spaces, are recognized when related services are provided.

Investments are recorded at fair market value. Unrealized gains and losses arising from the change in value of investments are recorded in the statement of operations and changes in net assets. Realized capital gains and losses are recognized on the transaction date. Interest income is recognized on the accrual basis.

Use of estimates

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Such estimates include useful lives of capital assets. On an ongoing basis, management reviews its estimates, and, as adjustments become necessary, they are reported in statement of operations in the period in which they become known. Actual results could differ from those estimates.

ST. OLAVE'S ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31,

3. Significant accounting policies, continued**Financial instruments****Measurement**

The Church initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. Transaction costs related to financial assets are recognized in the statement of operations in the year in which they are incurred. The Church subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include other receivable and HST receivable. Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. Any previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Capital assets

The Church follows Canadian accounting standards for not-for-profit organizations with the exception of accounting for capital assets. Recommendations issued by the Canadian Institute of Chartered Accountants ("CICA") require that capital improvements on the Church, organ, furniture and equipment be capitalized and amortized over their estimated useful lives. The Wardens of the Church considered that the adoption of the CICA recommendations would not enhance their decision-making process and would unnecessarily complicate the financial statements and have therefore made the decision not to adopt the recommendations. Accordingly, these amounts are presented under Church building expenditures on the statement of revenues and expenditures. Therefore, with respect to the capitalization of assets, these financial statements, while consistent with prior years, are not in accordance with Canadian accounting standards for not-for profit organizations.

Contributed services

Volunteers contribute significant time to assist the Church in carrying out its mandate. Because these services are not normally purchased by the Church and due to the difficulty in determining their fair value, donated services are not recognized in these statements.

ST. OLAVE'S ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31,

4. Investments

	2021	2020
Capital fund		
Cash	\$ 18,179	\$ 1,655
Fixed income	75,996	58,487
Equities	651,235	565,871
Total Capital investment fund	<u>745,410</u>	<u>626,013</u>
Second century fund		
Cash	55,936	23,959
Fixed income	34,663	34,370
Equities	182,144	164,108
Total Second century fund	<u>272,743</u>	<u>222,437</u>
Total	<u>\$ 1,058,153</u>	<u>\$ 848,450</u>

5. Government subsidies

Government subsidies include assistance in the form of subsidies for salaries and wages. The subsidies are not subject to any specific terms when received.

6. Capital Management

The Church defines capital as its unrestricted net assets and internally restricted net assets. The Capital fund is restricted to providing an operating revenue source as well as improvements and major repairs to the Church.

The Church's objective of managing the unrestricted net assets is to balance the need for stability of operating as a going concern with a desire to maximize services to its members.

The Church manages the unrestricted net assets in a way to meet its objectives. The Church endeavours to stabilize its revenue and places control over the efficient use of revenue.

ST. OLAVE'S ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31,

7. Financial instruments

Risks and concentrations

The Church is exposed to various risks through its financial instruments. The following analysis provides a measure of the Church's risk exposure and concentrations at the statement of financial position date.

Liquidity risk

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is the board's opinion that the Church is not exposed to these risks.

8. Comparative figures

The comparative figures have been reclassified to conform with the current year's presentation.