



WALSH & COMPANY
Professional Corporation
Chartered Professional Accountants

ST. OLAVE'S ANGLICAN CHURCH

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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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, 2022, 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, 2022, 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, 2022, current assets and net assets as at December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2022 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.

**Toronto, Ontario
February 23, 2023**

Walsh & Company Professional Corporation
**Chartered Professional Accountants
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario**



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

	2022	2021
ASSETS		
Current assets		
Cash	\$ 110,158	\$ 122,806
Other receivable	-	480
HST receivable	4,919	4,726
	<u>115,077</u>	<u>128,012</u>
Other Assets		
Investments - Capital investment fund (Note 3)	639,030	745,410
Investments - Second century fund (Note 3)	272,914	272,743
Investments - Consolidated trust fund (Note 3)	166,483	194,633
	<u>1,078,427</u>	<u>1,212,786</u>
	<u>\$ 1,193,504</u>	<u>\$ 1,340,798</u>
LIABILITY		
Current liability		
Accounts payable and accrued liabilities	\$ 4,000	\$ 4,000
FUND BALANCES		
Operating fund	(63,271)	(9,760)
Consolidated trust fund	176,233	194,633
Capital investment fund	730,821	810,527
Second century fund	236,863	237,003
Romania account	101,939	100,526
ACW fund	6,919	3,869
	<u>1,189,504</u>	<u>1,336,798</u>
	<u>\$ 1,193,504</u>	<u>\$ 1,340,798</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 account	ACW fund	Total 2022	Total 2021
Revenue								
Givings - designated	\$ 8,262	\$ -	\$ -	\$ 6,255	\$ 96,503	\$ 4,402	\$ 115,422	\$ 194,914
Givings - undesignated	206,468	-	-	-	-	-	206,468	170,264
Government subsidies	-	-	-	-	-	-	-	19,321
Interest income	-	6,952	14,822	10,242	-	-	32,016	48,671
Memorials and legacies	17,517	-	-	-	-	-	17,517	44,900
Other	23,019	-	-	-	-	-	23,019	124
Parking	18,009	-	-	-	-	-	18,009	11,845
Realized losses	-	-	-	-	-	-	-	(22,628)
Rental	41,210	-	-	-	-	-	41,210	14,905
Unrealized (losses) gain	-	(18,400)	(85,903)	(247)	-	-	(104,550)	223,448
	314,485	(11,448)	(71,081)	16,250	96,503	4,402	349,111	705,764
Expenses								
A.C.W. expense	-	-	-	-	-	1,352	1,352	2,146
Church building	98,921	-	-	-	-	-	98,921	89,134
Diocese	38,470	-	-	-	-	-	38,470	39,529
Growth fellowship	3,300	-	-	-	-	-	3,300	1,876
Junior church/nursery	10,031	-	-	-	-	-	10,031	9,000
Ministry	86,311	-	-	-	-	-	86,311	111,191
Office	71,915	-	-	-	-	-	71,915	61,722
Outreach	10,241	-	-	16,390	95,090	-	121,721	150,893
Rectory	12,535	-	8,625	-	-	-	21,160	10,279
Worship	43,075	-	-	-	-	-	43,075	41,633
Youth	150	-	-	-	-	-	150	84
	374,949	-	8,625	16,390	95,090	1,352	496,406	517,487
Excess of (expenses over revenue) revenue over expenses	\$ (60,464)	\$ (11,448)	\$ (79,706)	\$ (140)	\$ 1,413	\$ 3,050	\$ (147,295)	\$ 188,277

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 account	ACW fund	Total 2022	Total 2021
Balance, beginning of year	\$ (9,760)	\$ 194,633	\$ 810,527	\$ 237,003	\$ 100,526	\$ 3,869	\$ 1,336,798	\$ 1,148,521
Excess of (expenses over revenue) revenue over expenses	(60,464)	(11,448)	(79,706)	(140)	1,413	3,050	(147,295)	188,277
Balance, ending of year	\$ (70,224)	\$ 183,185	\$ 730,821	\$ 236,863	\$ 101,939	\$ 6,919	\$ 1,189,503	\$ 1,336,798

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

	2022	2021
Operating activities		
Excess of (expenses over revenue) revenue over expenses	\$ (147,294)	\$ 188,277
Add items not affecting cash:		
Unrealized losses (gains) - Capital investment fund	85,903	(144,522)
Unrealized losses (gains) - Second century fund	247	(54,027)
Unrealized losses (gains) - Consolidated trust fund	18,400	(24,899)
	(42,744)	(35,171)
Change in non-cash working capital items:		
Other receivable	480	6,463
HST receivable	(193)	1,003
Accounts payable and accrued liabilities	-	500
	(42,457)	(27,205)
Investing activities		
Purchase of investments	-	(70,528)
Disposal of investments	29,809	99,374
	29,809	28,846
(Decrease) increase in cash	(12,648)	1,641
Cash, beginning of year	122,806	121,165
Cash, end of year	\$ 110,158	\$ 122,806

ST. OLAVE'S ANGLICAN CHURCH

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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 derives its corporate form from the Church Temporalities Act of 1841. It is a tax-exempt registered charity under Section 149(1)(f) of the Income Tax Act (Canada) and as such is exempt from income taxes and is able to issue tax-deductible receipts to donors.

2. 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.

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.

ST. OLAVE'S ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

2. Significant accounting policies, continued**Revenue recognition, continued**

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.

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 liability 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.

ST. OLAVE'S ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTSDecember 31, 2022

2. Significant accounting policies, continued**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.

3. Investments

	2022	2021
Capital fund		
Cash	\$ 7,656	\$ 18,179
Fixed income	56,822	75,996
Equities	574,551	651,235
Total Capital investment fund	<u>639,030</u>	<u>745,410</u>
Second century fund		
Cash	37,559	55,936
Fixed income	32,065	34,663
Equities	203,290	182,144
Total Second century fund	<u>272,914</u>	<u>272,743</u>
Total	<u>\$ 911,944</u>	<u>\$ 1,058,153</u>

The Church invests in the Consolidated Trust Funds ("CTF") held by the Diocese of Toronto. The Diocese holds certain financial assets that belong to the Church in the CTF. During the year, the Church recognized \$18,400.41 (2021 - \$24,898.90 unrealized gains) in unrealized losses on the fund.

ST. OLAVE'S ANGLICAN CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

4. 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.

5. 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.