

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017 the statement of earnings, changes in net assets and cash flow 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 accounting standards for not-for-profit organizations. 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 entity'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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

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.

Qualified Opinion

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, 2017 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.

Dawn Flett & Associates

Chartered Professional Accountant

Licensed Public Accountant

May 9, 2018

Ajax, Ontario

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Revenue		
Collections	\$ 301,334	\$ 295,176
Designated gifts	15,550	19,061
Outreach revenues	6,255	7,398
Rental income (Note 3)	51,100	47,059
Special activities (Note 3)	24,138	20,760
Other income (Note 3)	<u>11,969</u>	<u>12,693</u>
	<u>410,346</u>	<u>402,147</u>
Expenses		
Assessment	56,029	54,697
Clergy	148,960	146,437
Designated gifts	15,550	19,061
Operations	36,371	32,190
Outreach expenses	6,255	7,398
Property expenses	70,636	70,154
Salaries	<u>78,340</u>	<u>75,183</u>
	<u>412,141</u>	<u>405,120</u>
Net revenue (expenses) from general operations	(1,795)	(2,973)
Other revenue and expenses		
Depreciation	(21,291)	(20,713)
Lighting Retrofit project	-	(24,180)
Heating System	(17,857)	-
Our Faith Our Hope Campaign	3,750	16,302
Rectory and Asset Fund interest and dividend income	12,381	11,501
Rectory and Asset Fund market value gain	<u>24,471</u>	<u>25,707</u>
NET REVENUE OVER EXPENSES	<u>\$ (341)</u>	<u>\$ 5,644</u>

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Accumulated Surplus		
Opening surplus	\$ 24,787	\$ 16,925
Net revenue over expenses	(341)	5,644
Depreciation	21,291	20,713
Investment in capital assets	-	(2,310)
Transfer Net Revenue to St. Dunstan Asset Fund	(9,258)	(8,669)
Transfer Net Revenue to Rectory Fund	(27,593)	(28,539)
Transfer from St. Dunstan Asset Fund	<u>-</u>	<u>21,023</u>
Closing balance	<u>\$ 8,886</u>	<u>\$ 24,787</u>
Investment in Capital Assets		
Opening balance	\$ 727,263	\$ 745,666
Depreciation	(21,291)	(20,713)
Investment in capital assets	<u>-</u>	<u>2,310</u>
Closing balance	<u>\$ 705,972</u>	<u>\$ 727,263</u>
St. Dunstan Assets Fund (Note 4)		
Opening balance	\$ 104,188	\$ 116,542
Interest and dividends earned on investment	4,218	3,938
Adjust for market value gain	5,039	4,731
Transfer to accumulated surplus	<u>-</u>	<u>(21,023)</u>
Closing balance	<u>\$ 113,445</u>	<u>\$ 104,188</u>
St. Dunstan Rectory Fund (Note 5)		
Opening balance	\$ 402,240	\$ 366,376
Interest and dividends earned on investment and loan	8,162	7,563
Adjust for market value gain	19,431	20,976
Repayment of Roof Replacement loan	<u>-</u>	<u>7,325</u>
Closing balance	<u>\$ 429,833</u>	<u>\$ 402,240</u>

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

BALANCE SHEET

AS AT DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current		
Cash	\$ 69,081	\$ 63,039
Accounts receivable	9,496	12,795
Short-term investments - Assets Fund (Note 6)	113,446	104,188
Prepaid expenses	<u>1,658</u>	<u>969</u>
	<u>193,681</u>	<u>180,991</u>
Investments - Rectory Fund (Note 6)	429,834	402,240
Fixed (Note 7)	<u>705,972</u>	<u>727,263</u>
	<u>\$ 1,329,487</u>	<u>\$ 1,310,494</u>
 <u>LIABILITIES</u>		
Current		
Accounts payable and accrued charges	\$ 28,893	\$ 13,202
Deferred donations - Designated funds (Note 8)	35,339	33,115
Deferred donations - Outreach funds (Note 9)	<u>7,119</u>	<u>5,699</u>
	<u>71,351</u>	<u>52,016</u>
Investment in Capital Assets	705,972	727,263
St. Dunstan Assets Fund	113,445	104,188
St. Dunstan Rectory Fund	429,833	402,240
Accumulated Surplus	<u>8,886</u>	<u>24,787</u>
	<u>1,258,136</u>	<u>1,258,478</u>
	<u>\$ 1,329,487</u>	<u>\$ 1,310,494</u>

Approved by the Board of Directors:

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Cash provided by (used in) operating activities:		
Excess of revenue over expenses	\$ (341)	\$ 5,644
Items not affecting cash:		
Depreciation of capital assets	21,291	20,713
Market value adjustment Rectory and Asset Fund	(24,471)	(25,707)
Items not affecting cash:		
Changes in non-cash working capital:		
Accounts receivable	3,299	(5,153)
Prepaid expenses	(689)	6,121
Accounts payable and accrued charges	15,691	216
Deferred donations - designated funds	2,224	5,173
Deferred donations - Outreach funds	<u>1,420</u>	<u>111</u>
	<u>18,424</u>	<u>7,118</u>
Cash provided by (used in) investment activities:		
Asset and Rectory Fund purchases	(12,382)	(20,478)
Purchase of capital assets	<u>-</u>	<u>(2,310)</u>
	<u>(12,382)</u>	<u>(22,788)</u>
Cash provided by (used in) financing activities:		
Loan from Rectory Fund	-	(7,325)
Sale of Asset Fund investments	<u>-</u>	<u>30,000</u>
	<u>-</u>	<u>22,675</u>
Cash Provided	6,042	7,005
Cash, Beginning of Year	<u>63,039</u>	<u>56,034</u>
Cash, End of Year	<u>\$ 69,081</u>	<u>\$ 63,039</u>

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

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
Sound 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, 2017

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 \$8,550 (\$4,450: 2016).

(b) Special activities revenue is shown net of special activities expenses of \$10,964 (\$15,162: 2016).

(c) Other income revenue is shown net of fundraising expense of \$75 (\$2,610: 2016).

4. St. Dunstan Assets Fund

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

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NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

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>2017 Net</u>	<u>2016 Net</u>
Land	\$ 253,764	\$ -	\$ 253,764	\$ 253,764
Building	1,006,789	555,159	451,630	471,766
Furniture and equipment	132,150	132,150	-	-
Computer hardware	5,643	5,065	578	1,733
Equipment	3,718	3,718	-	-
Sign	29,316	29,316	-	-
Sound equipment	<u>5,461</u>	<u>5,461</u>	<u>-</u>	<u>-</u>
	<u>\$1,436,841</u>	<u>\$ 730,869</u>	<u>\$ 705,972</u>	<u>\$ 727,263</u>

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

8. Deferred Donations - Designated Funds

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

	<u>2016</u>	<u>Revenue</u>	<u>Expense</u>	<u>2017</u>
25th Anniversary fund	\$ 192	\$ -	\$ -	\$ 192
Canterbury Knights	720	300	-	1,020
Infrared Sound fund	58	-	-	58
Faith Works fund	3,273	13,128	14,434	1,967
Primate's World Relief	556	695	1,115	136
Foodbank	433	-	-	433
Kids for Peace	2,341	-	-	2,341
Accessibility fund	1,318	-	-	1,318
Choir fund	390	75	-	465
Church school	300	-	-	300
Kneeler fund	127	-	-	127
Memorial fund	15,203	3,575	-	18,778
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>\$ 33,115</u>	<u>\$ 17,773</u>	<u>\$ 15,549</u>	<u>\$ 35,339</u>

ST. DUNSTAN OF CANTERBURY ANGLICAN CHURCH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

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		\$	5,699
Revenue			
Fundraising	\$	7,010	
Donations		<u>665</u>	<u>7,675</u>
			13,374
Expenditures			
Pastoral care		571	
Donations		<u>5,684</u>	<u>6,255</u>
Closing balance		\$	<u>7,119</u>

Fundraising revenue is shown net of expenses of \$2,578.

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 to October, 2018. The total cost is \$3,770 plus applicable taxes.