

**The Anglican Parish of Trinity Aurora
Financial Statements
For the Year Ended June 30, 2021**

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Independent Auditor's Report

To the Church Wardens of The Anglican Parish of Trinity Aurora

Qualified Opinion

We have audited the accompanying financial statements of The Anglican Parish of Trinity Aurora ("the Church"), which comprise the statement of financial position as at June 30, **2021**, and the statements 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Church as at June 30, **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 revenue from donation and fundraising activities 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 not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, **2021** and 2020, current assets as at June 30, **2021** and 2020, and net assets as at July 1 and June 30 for both the **2021** and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 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 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 audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.

Chartered Professional Accountants, Licensed Public Accountants
Newmarket, Ontario
October 6, 2021

**The Anglican Parish of Trinity Aurora
Statement of Financial Position**

June 30	Ministry Fund	Building Fund	Special Funds	Endowment Fund	Total 2021	Total 2020
Assets						
	(Note 11)					
Current						
Cash	\$ 98,272	\$ -	\$ -	\$ -	\$ 98,272	\$ 114,768
Receivables and prepaid expenses	7,831	-	-	-	7,831	13,035
	<u>106,103</u>	-	-	-	<u>106,103</u>	<u>127,803</u>
Restricted cash and investments (Note 2)	-	-	-	998,455	998,455	857,519
Tangible capital assets (Note 3)	-	2,333,421	-	-	2,333,421	2,417,639
	<u>\$ 106,103</u>	<u>\$ 2,333,421</u>	<u>\$ -</u>	<u>\$ 998,455</u>	<u>\$ 3,437,979</u>	<u>\$ 3,402,961</u>
Liabilities and Fund Balances						
Current						
Accounts payable and accrued liabilities	\$ 6,188	\$ -	\$ -	\$ -	\$ 6,188	\$ 27,388
Interfund payable (receivable) (Note 4)	60,841	(24,105)	(34,776)	(1,960)	-	-
	<u>67,029</u>	<u>(24,105)</u>	<u>(34,776)</u>	<u>(1,960)</u>	<u>6,188</u>	<u>27,388</u>
Fund Balances						
Unrestricted	39,074	-	-	-	39,074	28,405
Invested in tangible capital assets	-	2,357,526	-	-	2,357,526	2,441,746
Restricted	-	-	34,776	1,000,415	1,035,191	905,422
	<u>39,074</u>	<u>2,357,526</u>	<u>34,776</u>	<u>1,000,415</u>	<u>3,431,791</u>	<u>3,375,573</u>
	<u>\$ 106,103</u>	<u>\$ 2,333,421</u>	<u>\$ -</u>	<u>\$ 998,455</u>	<u>\$ 3,437,979</u>	<u>\$ 3,402,961</u>

On behalf of the vestry:

_____ Warden

_____ Warden

**The Anglican Parish of Trinity Aurora
Statement of Changes in Fund Balances**

For the year ended June 30	Ministry Fund	Building Fund	Special Funds	Endowment Fund	2021 Total	2020 Total
			(Note 11)			
Balance, beginning of the year	\$ 28,405	\$ 2,441,744	\$ 47,903	\$ 857,519	\$ 3,375,571	\$ 3,439,663
Excess (deficiency) of revenues over expenses	(6,271)	(84,218)	(3,687)	150,396	56,220	(64,085)
Interfund transfers (Note 5)	16,940	-	(9,440)	(7,500)	-	-
Balance, end of the year	\$ 39,074	\$ 2,357,526	\$ 34,776	\$ 1,000,415	\$ 3,431,791	\$ 3,375,578

The Anglican Parish of Trinity Aurora Statement of Operations

For the year ended June 30	Ministry Fund	Building Fund	Special Funds	Endowment Fund	2021 Total	2020 Total
	(Note 11)					
Revenue						
Contributions	\$ 419,358	\$ -	\$ 17,553	\$ 2,160	\$ 439,071	\$ 466,050
Licensing and other fees	72,727	-	-	-	72,727	131,600
Fundraising	-	-	-	-	-	22,350
Grant	-	-	-	-	-	82,751
Canada Emergency Wage Subsidy	27,021	-	-	-	27,021	12,004
Increase in cash surrender value of insurance policies	-	-	-	19,540	19,540	2,273
Investment income	-	-	-	27,312	27,312	24,149
Change in fair market value of investments	-	-	-	110,109	110,109	(10,835)
	519,106	-	17,553	159,121	695,780	730,342
Expenses						
Clergy	182,247	-	-	-	182,247	175,261
Office operations	87,674	-	-	-	87,674	129,434
Property administration	109,155	-	-	-	109,155	127,110
Outreach	96,878	-	-	-	96,878	96,461
Fundraising	-	-	-	-	-	7,153
Christian education	14,722	-	-	-	14,722	53,550
Choir and music	28,899	-	-	-	28,899	23,055
Communications	200	-	-	-	200	6,963
Worship	343	-	-	-	343	1,228
Interest and bank charges	5,259	-	-	-	5,259	5,266
Fund disbursements	-	-	21,240	8,725	29,965	84,481
Amortization	-	84,218	-	-	84,218	84,470
	525,377	84,218	21,240	8,725	639,560	794,432
Excess (deficiency) of revenue over expenses	\$ (6,271)	\$ (84,218)	\$ (3,687)	\$ 150,396	\$ 56,220	\$ (64,090)

The accompanying notes are an integral part of these financial statements.

The Anglican Parish of Trinity Aurora Statement of Cash Flows

For the year ended June 30	2021	2020
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	\$ 56,220	\$ (64,090)
Items not affecting cash:		
Amortization of tangible capital assets	84,218	84,470
Decrease (increase) in fair market value of investments	(110,109)	10,835
	30,329	31,215
Changes in non-cash working capital:		
Receivables and prepaid expenses	5,204	235
Accounts payable and accrued liabilities	(21,200)	(1,207)
Deferred revenue	-	(15,586)
	14,333	14,657
Cash flows from investing activities		
Increase in restricted cash and investments	(30,827)	(6,877)
	(30,827)	(6,877)
Net (decrease) increase in cash	(16,494)	7,780
Cash, beginning of the year	114,768	106,988
Cash, end of the year	\$ 98,274	\$ 114,768

The Anglican Parish of Trinity Aurora

Notes to Financial Statements

June 30, 2021

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The Church operates under the umbrella of The Incorporated Synod of the Diocese of Toronto, Anglican Church of Canada created by an act of legislature of Ontario passed on January 23, 1869. The Anglican Parish of Trinity Aurora was created on May 28, 1843.</p> <p>The Anglican Parish of Trinity Aurora exists to pursue the principles of mutual support and encouragement in Ministry, recognizing that Ministry is shared with the members of the Church in the name of Jesus Christ and with each other under the guidance of the Bishop.</p> <p>Under the Income Tax Act for Canada, the Church qualifies as a charitable organization and is exempt from income tax.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Fund Accounting	<p>The Church follows the restricted fund method of accounting for contributions. The funds and the purpose of each are as follows:</p> <p>The Ministry Fund accounts for the current operations and programs as well as the organization's general operations. Unrestricted contributions and restricted contributions for the purpose of operating the organization are reported in this fund.</p> <p>The Building Fund is funded by internally and externally restricted donations and grants to be used for the purpose of tangible capital assets.</p> <p>The Special Funds include a variety of contributions designated for programs within the Church and community.</p> <p>The Endowment Fund as directed under a Trust Deed is a repository for legacies, and other gifts, only the income from which is available to support activities not ordinarily within the purview of the Ministry Fund.</p>

The Anglican Parish of Trinity Aurora

Notes to Financial Statements

June 30, 2021

1. Significant Accounting Policies (continued)

Revenue Recognition

Unrestricted contributions are recognized as revenue of the Ministry Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized in the Ministry Fund in accordance with the deferred method where contributions are recognized as revenue in the year in which the related expenses are incurred.

Contributions for endowments are recognized as revenue in the Endowment Fund. The Church's Endowment Charter states that any unallocated distributable or undistributable income of the Endowment Fund following an annual Vestry meeting shall be added to the capital of the Endowment Fund and as such unrestricted investment income is recognized in the Endowment Fund.

Investment income is recognized as revenue of the appropriate fund when earned.

All other income is recognized as revenue when earned and collectibility is reasonably assured.

Deferred revenue reported on the statement of financial position represents restricted operating funding received in the current or prior period that relates to expenses of a subsequent period.

The Anglican Parish of Trinity Aurora

Notes to Financial Statements

June 30, 2021

1. Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in operations. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost and amortized over the expected life of the instrument using the straight line method.

Financial assets are tested for impairment when indicators of impairment exist.

The Church's financial instruments comprise of cash, restricted cash and investments which are recorded at fair value and receivables and payables which are recorded at amortized cost.

Tangible Capital Assets

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Expenses for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building	Straight-line	50 years
Building Improvements	Straight-line	10-25 years
Rectory	Straight-line	50 years
Parking lot	Straight-line	10 years
Furniture and equipment	Straight-line	5 years
Organ and piano	Straight-line	20 years
Computer equipment	Straight-line	2 years
Worship equipment	Straight-line	10 years

Amortization expense is reported in the Building Fund. In the year of acquisition or disposal, amortization is recorded at 50% of the annual rate.

The Anglican Parish of Trinity Aurora Notes to Financial Statements

June 30, 2021

1. Significant Accounting Policies (continued)

Contributed Services Volunteers contribute many hours per year to assist the Church in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Use of Estimates The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the Church Wardens to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported period. The principal estimate used in the preparation of these financial statements include useful life and valuation of tangible capital assets. Actual results could differ from the Church Wardens' best estimates as additional information becomes available in the future.

2. Restricted Cash and Investments

	<u>2021</u>	<u>2020</u>
Endowment Fund		
Cash	27,029	21,993
Investment in mutual funds	806,358	689,999
Cash surrender value of life insurance policies	165,068	145,527
	<u>\$ 998,455</u>	<u>\$ 857,519</u>

Assets of the endowment fund are restricted in that only the net investment income of \$21,061 (2020 - \$16,225) is available for distribution.

The Anglican Parish of Trinity Aurora Notes to Financial Statements

June 30, 2021

3. Tangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 3,519,264	\$ 1,349,266	\$ 3,519,264	\$ 1,278,879
Building improvements	70,082	22,687	70,082	15,678
Rectory	155,650	39,622	155,650	36,509
Organ and piano	79,219	79,219	79,219	75,510
	3,824,215	1,490,794	3,824,215	1,406,576
		\$ 2,333,421		\$ 2,417,639

The costs of the original Church and Rectory lands have not been capitalized in these financial statements.

Under Church Law (Canon 6) land and building cannot be sold or encumbered without the consent of the Bishop and the Diocesan Council.

4. Interfund Payable (Receivable)

The Building Fund is owed \$22,963 (2020 - \$22,963) from the Ministry Fund and \$1,142 (2020 - \$1,142) from the Special Fund. The Ministry Fund has borrowed \$35,918 (2020 - \$49,045) from the Special Fund and \$1,960 (2020 - \$-) from the Endowment Fund.

The Building Fund loan to the Ministry Fund is non-interest bearing, with no specific terms of repayment.

The Special Funds loan to the Ministry Fund is non-interest bearing, with no specific terms of repayment.

The Endowment Funds loan to the Ministry Fund is non-interest bearing, with no specific terms of repayment.

The Anglican Parish of Trinity Aurora Notes to Financial Statements

June 30, 2021

5. Interfund Transfers

During the year the Endowment Fund authorized a transfer of \$7,500 (2020 - \$8,750) to the Ministry Fund. This transfer is to offset capital or building related expenses and is not a loan and is not required to be repaid.

During the year the Special Funds authorized a transfer of \$8,298 (2020 - \$2,880) to the Ministry Fund and \$Nil (2020 - \$1,142) to the Building Fund. This transfer is to cover operating expenses of the building by the Special Fund initiatives and transfer of rectory surplus. The transfers are not loans and are not required to be repaid.

6. Related Party Transactions

During the year, the Church paid the Diocese of Toronto \$277,566 (2020 - \$267,902) on account of Diocese assessment and clergy payroll. The Diocese of Toronto credit the CEWS received from CRA to the Church in the amount of \$27,021 (2020 - \$82,751) for COVID-19 payroll relief. These transactions were in the normal course of operations and measured at the exchange amount.

7. Credit Facility

The Church has an available line of credit in the amount of \$100,000. The line of credit is unsecured, is due on demand and bears interest at the bank's prime lending rate plus 0.5% per annum. As at year end, the outstanding balance on this facility is \$Nil (2020 - \$Nil). There were no draws over the course of the year.

The Anglican Parish of Trinity Aurora Notes to Financial Statements

June 30, 2021

8. Commitments

The Church entered into a lease of office equipment with monthly payments of \$254 expiring February 2022. The minimum annual lease payments for 2022 is \$2,033.

9. Financial Instruments

Liquidity risk

Liquidity risk is the risk that the Church will encounter difficulty in meeting its obligations associated with financial liabilities. The Church is exposed to this risk mainly in respect of its accounts payable and interfund loan from the Endowment Fund and Special Fund.

The Church's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

There have not been any changes in the risk from the prior year.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Church is exposed to other price risk through its restricted investments in equities.

The Church manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

There have not been any changes in the risk from the prior year.

The Anglican Parish of Trinity Aurora Notes to Financial Statements

June 30, 2021

10. Uncertainty Due to COVID-19

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus, the "COVID-19 outbreak". In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the Church will not be known with certainty for months to come.

During the year, the Church ceased holding in-person services, which negatively impacted donations from weekly offerings. Although the Church cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may continue to negatively affect the Church's revenues in 2022, and may have an adverse effect on the Church's results of operations in 2022.

In order to mitigate the effects of COVID-19, the Church applied for the Canada Emergency Wage Subsidy (CEWS) and received a total of \$27,021 for the period of July 1, 2020 to June 30, 2021. The Church reduced hours for administrative employees and re-opened in August 2021.

The Anglican Parish of Trinity Aurora
Notes to Financial Statements

June 30, 2021

11. Special Funds

	2021 Opening Balance	Revenue	Expenses	Transfers	2021 Ending Balance
Faithworks	\$ 757	\$ 6,745	\$ (5,485)	\$ -	\$ 2,017
The Clothes Closet	4,103	1,612	(3,000)	(1,440)	1,275
Interfaith Refuge Resettlers	290	505	(675)	-	120
Other Outreach	17,927	2,300	(11,344)	-	8,883
Memorials and Special Gifts	6,841	-	-	-	6,841
Rector's Discretionary	363	2,900	-	-	3,263
Youth Programs	5,662	1,119	-	-	6,781
Chancel Guild	2,484	147	-	-	2,631
Anglican Church Women	1,738	20	-	(1,000)	758
Green Team	5,778	2,205	(736)	(7,000)	247
Other	1,960	-	-	-	1,960
	\$ 47,903	\$ 17,553	\$ (21,240)	\$ (9,440)	\$ 34,776

	2020 Opening Balance	Revenue	Expenses	Transfers	2020 Ending Balance
Faithworks	\$ 605	\$ 3,585	\$ (3,433)	\$ -	\$ 757
The Clothes Closet	15,558	15,088	(23,663)	(2,880)	4,103
Interfaith Refuge Resettlers	27,430	720	(27,860)	-	290
Other Outreach	14,521	6,582	(3,176)	-	17,927
Memorials and Special Gifts	6,841	-	-	-	6,841
Rector's Discretionary	363	-	-	-	363
Youth Programs	8,592	1,395	(4,325)	-	5,662
Chancel Guild	1,991	1,025	(532)	-	2,484
Anglican Church Women	-	10,241	(8,503)	-	1,738
Green Team	5,540	2,703	(2,465)	-	5,778
Other	4,876	-	(1,774)	(1,142)	1,960
	\$ 86,317	\$ 41,339	\$ (75,731)	\$ (4,022)	\$ 47,903