

Financial Statements

The Church of St. Clement, Eglinton

December 31, 2021

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Independent Auditor's Report

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To the Rector and Churchwardens of
The Church of St. Clement, Eglinton

Opinion

We have audited the financial statements of The Church of St. Clement, Eglinton (the "Church"), which comprise the statement of financial position as at December 31, 2021, and the statements of revenue and expenditures, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Church as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Opinion

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 opinion.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedule is presented for purposes of additional information and has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

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 ASNPO, 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 a 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 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, Canada
February 9, 2022

Chartered Professional Accountants
Licensed Public Accountants

The Church of St. Clement, Eglinton

Statement of Financial Position

As at December 31

	Operating Funds	Internally Restricted Funds	Externally Restricted and Endowment Funds	Capital Funds	2021 Total	2020 Total
Assets						
Current						
Cash	\$ 437,532	\$ -	\$ -	\$ -	\$ 437,532	\$ 463,893
Accounts receivable	14,031	-	257	12,059	26,347	61,533
Prepaid expenses	3,717	-	-	-	3,717	17,113
Short-term investments (Note 3)	313,590	144,401	119,548	-	577,539	579,006
Due from (to) other funds (Note 4)	(7,042)	472,052	247,474	(712,484)	-	-
	761,828	616,453	367,279	(700,425)	1,045,135	1,121,545
Long-term investments (Note 3)	-	1,485,622	357,333	-	1,842,955	1,649,379
Cemetery funds held in trust (Note 5)	-	-	41,949	-	41,949	37,060
Property and equipment (Note 6)	-	-	-	4,963,483	4,963,483	5,257,517
	<u>\$ 761,828</u>	<u>\$ 2,102,075</u>	<u>\$ 766,561</u>	<u>\$ 4,263,058</u>	<u>\$ 7,893,522</u>	<u>\$ 8,065,501</u>
Liabilities and Fund Balances						
Current						
Accounts payable and accrued liabilities	\$ 27,487	\$ -	\$ 100	\$ -	\$ 27,587	\$ 119,032
Deferred contributions (Note 7)	88,310	-	80,416	-	168,726	195,043
Capital lease obligation (Note 8)	-	-	-	54,225	54,225	52,255
	115,797	-	80,516	54,225	250,538	366,330
Capital lease obligation (Note 8)	-	-	-	99,859	99,859	154,084
	115,797	-	80,516	154,084	350,397	520,414
Fund balances						
Unrestricted	646,031	-	-	-	646,031	785,035
Internally restricted (Schedule)	-	2,102,075	-	-	2,102,075	1,898,809
Externally restricted (Schedule)	-	-	88,258	-	88,258	55,546
Endowment (Schedule)	-	-	597,787	-	597,787	426,506
Invested in property and equipment	-	-	-	4,108,974	4,108,974	4,379,191
	646,031	2,102,075	686,045	4,108,974	7,543,125	7,545,087
	<u>\$ 761,828</u>	<u>\$ 2,102,075</u>	<u>\$ 766,561</u>	<u>\$ 4,263,058</u>	<u>\$ 7,893,522</u>	<u>\$ 8,065,501</u>

On behalf of the Churchwardens

_____ People's Warden

_____ Rector's Warden

See accompanying notes and schedule to the financial statements.

The Church of St. Clement, Eglinton

Statement of Revenue and Expenditures

Year ended December 31

	Operating Funds (Unrestricted)		Internally Restricted Funds (Schedule)		Externally Restricted and Endowment Funds (Schedule)		Capital Funds (Invested in Property and Equipment)		Total Funds	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue										
Donations	\$ 753,231	\$ 837,762	\$ -	\$ -	\$ 149,862	\$ 94,933	\$ 46,145	\$ 70,845	\$ 949,238	\$ 1,003,540
Facilities use	340,478	375,177	-	-	-	-	-	-	340,478	375,177
Net income (loss) from investments (Note 3)	717	2,589	227,728	135,744	59,760	34,900	(23,297)	(23,982)	264,908	149,251
Legacies and memorials	3,922	10,590	45,048	5,955	139,399	30	-	-	188,369	16,575
Government assistance	45,221	56,146	-	-	-	-	-	-	45,221	56,146
Program-specific donations	42,253	27,258	-	-	-	-	-	-	42,253	27,258
York Rectory income	6,800	8,600	-	-	-	-	-	-	6,800	8,600
Diocesan Jubilee	-	126,107	-	-	-	-	-	-	-	126,107
Gross revenue	1,192,622	1,444,229	272,776	141,699	349,021	129,863	22,848	46,863	1,837,267	1,762,654
Less: Diocesan assessment	208,191	211,134	-	-	-	-	-	-	208,191	211,134
	984,431	1,233,095	272,776	141,699	349,021	129,863	22,848	46,863	1,629,076	1,551,520
Expenditures										
Properties (Note 9)	266,101	191,348	-	-	-	-	367,686	336,079	633,787	527,427
Personnel (Note 9)	629,110	606,455	-	-	-	-	-	-	629,110	606,455
Outreach programs	42,000	42,745	-	-	160,670	106,128	-	-	202,670	148,873
Administration	80,503	73,376	-	-	590	-	-	-	81,093	73,376
Music programs	51,803	41,453	-	-	-	-	-	-	51,803	41,453
Ministries	12,991	10,165	-	-	200	3,115	(2,105)	-	11,086	13,280
Worship	8,079	19,907	-	-	-	-	-	-	8,079	19,907
Interest (Note 8)	-	-	-	-	-	-	6,766	8,664	6,766	8,664
Education	6,644	5,589	-	-	-	-	-	-	6,644	5,589
	1,097,231	991,038	-	-	161,460	109,243	372,347	344,743	1,631,038	1,445,024
Excess (deficiency) of revenue over expenditures	\$ (112,800)	\$ 242,057	\$ 272,776	\$ 141,699	\$ 187,561	\$ 20,620	\$ (349,499)	\$ (297,880)	\$ (1,962)	\$ 106,496

See accompanying notes and schedule to the financial statements.

The Church of St. Clement, Eglinton

Statement of Changes in Fund Balances

Year ended December 31

	Operating Funds (Unrestricted)		Internally Restricted Funds (Schedule)		Externally Restricted and Endowment Funds (Schedule)		Capital Funds (Invested in Property and Equipment)		Total Funds	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Fund balances, beginning of year	\$ 785,035	\$ 530,675	\$ 1,898,809	\$ 1,826,888	\$ 482,052	\$ 446,992	\$ 4,379,191	\$ 4,634,036	\$ 7,545,087	\$ 7,438,591
Excess (deficiency) of revenue over expenditures	(112,800)	242,057	272,776	141,699	187,561	20,620	(349,499)	(297,880)	(1,962)	106,496
Interfund transfers	(26,204)	12,303	(69,510)	(69,778)	16,432	14,440	79,282	43,035	-	-
Fund balances, end of year	\$ 646,031	\$ 785,035	\$ 2,102,075	\$ 1,898,809	\$ 686,045	\$ 482,052	\$ 4,108,974	\$ 4,379,191	\$ 7,543,125	\$ 7,545,087

See accompanying notes and schedule to the financial statements.

The Church of St. Clement, Eglinton

Statement of Cash Flows

Year ended December 31

2021

2020

Operating activities		
Excess (deficiency) of revenue over expenditures	\$ (1,962)	\$ 106,496
Items not involving cash		
Unrealized gain on long-term investments	(193,576)	(78,773)
Unrealized gain on cemetery funds	(4,001)	(2,013)
Reinvested dividends on cemetery funds	(888)	-
Gift of shares	(170,104)	(67,000)
Amortization of property and equipment	367,686	336,079
Deferred contributions recognized during the year (Note 7)	(49,770)	(57,250)
Interest on capital lease obligation	6,766	8,664
	<u>(45,849)</u>	<u>246,203</u>
Net change in non-cash working capital items		
Accounts receivable	35,186	26,455
Prepaid expenses	13,396	(11,746)
Accounts payable and accrued liabilities	<u>(91,445)</u>	<u>(17,824)</u>
	<u>(42,863)</u>	<u>(3,115)</u>
Deferred contributions received during the year (Note 7)	<u>23,453</u>	<u>34,108</u>
	<u>(65,259)</u>	<u>277,196</u>
Investing activities		
Proceeds on disposal of short-term investments	172,822	64,282
Reinvested dividends	(1,251)	(2,867)
Repayment of capital lease obligation	(59,021)	(59,021)
Purchase of property and equipment	<u>(73,652)</u>	<u>(37,191)</u>
	<u>38,898</u>	<u>(34,797)</u>
Net change in cash during the year	<u>(26,361)</u>	<u>242,399</u>
Cash, beginning of year	<u>463,893</u>	<u>221,494</u>
Cash, end of year	<u>\$ 437,532</u>	<u>\$ 463,893</u>

See accompanying notes and schedule to the financial statements.

The Church of St. Clement, Eglinton

Notes to the Financial Statements

December 31, 2021

1. The Church of St. Clement, Eglinton

The Church of St. Clement, Eglinton (the “Church”) is an Anglican Church within the Anglican Diocese of Toronto (the “Diocese”) and is a registered charity under the Income Tax Act (Canada).

The Church’s vision is transforming lives, the mission is learning to follow Jesus Christ, and the Church’s values are the fruits of the Spirit. The Church is devoted to a common life shaped by love, joy, peace, patience, kindness, generosity, faithfulness, gentleness, and self-control.

2. Summary of significant accounting policies

The Church’s financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”), the more significant of which are outlined below.

Fund accounting

The Church follows the principles of fund accounting, pursuant to which resources for specified purposes are classified for accounting and reporting into funds corresponding to those purposes. These financial statements present the following funds and fund classifications.

Operating Funds	General Fund St. Margaret’s Ministry Fund
Internally Restricted Funds	Outreach Internally Restricted Fund College of Preaching Internally Restricted Fund Legacy Fund The Rectory Fund Internally Restricted Fund, General
Externally Restricted Funds	Outreach Fund Other
Endowment Funds	Gerald Loweth Endowment Don and Lillian Wright Music Endowment Fund General Endowment
Capital Fund	Invested in property and equipment

Operating Funds

Operating funds represent funds that can be used by the Church in accordance with the Church’s objectives and mission without restriction. The operating funds provide the Church with financial resources needed for administrative costs. In addition to its own operating fund (the “General Fund”), the Church’s operating funds also include the St. Margaret’s Ministry Fund, an operating fund previously belonging to St. Margaret’s Anglican Church, Toronto, prior to its amalgamation with the Church.

Internally Restricted Funds

From time to time, the Churchwardens may set aside certain otherwise unrestricted funds for purposes of meeting certain mandates that further the mission of the Church. Once these funds are restricted by the Churchwardens, they are managed as internally restricted funds.

The Church of St. Clement, Eglinton

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

Internally Restricted Funds (continued)

In 1994, by resolution of the Vestry, the Church established the Outreach and College of Preaching Funds from unrestricted bequests. These funds are invested by the Treasurer and Finance Committee, with the related earnings available for the support of the Church's Outreach Programs and the College of Preaching.

In 2014, the Church established the Legacy Fund. The Church directs undesignated legacies, that is legacies for which no specific use is identified, to the Legacy Fund. Amounts received are invested in order to guard against erosion by inflation and in accordance with the Church's investment policy. The expenditure policy of the Legacy Fund is designed to balance short-term cash requirements of the Church and planning for the long-term sustainability of the Church's programs and its ministry in the community. Annual expenditures in the Legacy Fund may not exceed 25% of the Legacy Fund balance until such time as the balance exceeds \$500,000. At that time, expenditures may not exceed the greater of \$125,000 and the annual realized investment income of the Legacy Fund.

In 2016, the Church established the Rectory Fund using proceeds from the sale of the Church's rectory located at 65 Latimer Avenue, Toronto. As agreed with the Diocese, annual dividend income from the Rectory Fund will be transferred to the General Fund and made available to subsidize clergy housing.

Externally Restricted Funds

Externally restricted funds consist of donations for designated purposes specified by donors. The funds are managed and disbursed in accordance with those specifications.

Endowment Funds

Endowment funds represent contributions to the Church where the capital is not disburseable but invested to earn income that is to be used to further the Church's objectives. Income from endowment funds may either be unrestricted and can be used for general purposes by the Church, or subject to specific designated purposes as specified by the donor at the time the endowment fund is established.

The Church has three endowment funds.

- The Gerald Loweth Endowment Fund for Outreach provides investment income to be used in the Church's ongoing outreach programs;
- The Don and Lillian Wright Music Endowment Fund provides investment income to offset the costs of the Church's music programs; and
- The General Endowment Fund provides investment income to be used in the general operations of the Church.

Generally, endowments include a provision to maintain a portion of investment income in the fund for inflation.

The Church of St. Clement, Eglinton

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

Capital Funds

Capital funds reflect assets, liabilities, revenue and expenditures related to the Church building, its furnishings and equipment as well as its other properties, 65 and 67 St. Clements Avenue, Toronto. Revenue reflects donations externally restricted for purposes of capital acquisitions.

Management of Invested Funds with The Consolidated Trust Fund

The capital of all endowments funds as well as the internally restricted Rectory Fund are invested with the Consolidated Trust Fund overseen by the Diocese (Note 3). The Diocese is a related party of the Church as the Diocese has influence over the operations of the Church given it is the overarching governing body for the Anglican Diocese in Toronto. The Church pays an annual Diocesan assessment from the General Fund. This fee covers the Church's share of Diocese's support services provided.

Interfund transfers

Transfers between funds are required when resources of one fund have been used to finance activities and acquisitions in another fund. Transfers are authorized by the Churchwardens and are consistent with the obligations of the fund from which the resources are transferred.

Revenue recognition

The Church follows the restricted fund method of accounting. Unrestricted contributions are recognized as revenue of the operating funds in the year received or receivable. Contributions which are externally restricted by the donor are recorded in the appropriate externally restricted fund in the year received or receivable. Endowment contributions are recognized as revenue of the endowment funds in the year received or receivable. Externally restricted contributions related to general operations which are not spent by year end are recorded as deferred contributions until the year in which the related expenditures are incurred.

Government assistance relates to the Canada Emergency Wage Subsidy and is recognized in the statement of revenue and expenditures when received or receivable in the year to which it relates.

The Diocesan Jubilee relates to the portion of Diocesan assessments that were forgiven during the prior year. The Diocesan Jubilee is recognized when forgiven.

Facilities use, investment income and other revenue is recognized as earned.

Contributed goods and services

Contributed goods are recorded at fair market value at the date of contribution and recognized as donations in the statement of revenue and expenditures. Because of the difficulty in determining their fair value, the value of contributed services is not recognized in the financial statements.

The Church of St. Clement, Eglinton

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

Financial instruments

The Church considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Church's financial instruments are comprised of cash, accounts receivable, investments, Cemetery funds held in trust and accounts payable.

The Church's financial instruments are measured at fair value when issued or acquired. The Church subsequently measures its financial assets and liabilities at amortized cost other than investments and Cemetery funds held in trust. Investments and Cemetery funds held in trust are subsequently recorded and carried at fair value.

Property and equipment

Purchased property and equipment, with a cost in excess of \$500, are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful life as follows:

Building renewal costs	Over 10 - 30 years
Major building improvements	Over 30 years
Housing at 65 and 67 St. Clements Ave.	Over 40 years
Organ refurbishing	Over 30 years
Furnishings and equipment	Over 10 years
HVAC system under capital lease	Over 20 years
Courtyard cemetery	Over 30 years

The Church does not have title to the Church building and the land on which it is situated since this is lodged with the Diocese. Costs of construction of the Church, rectory, and other long-term assets over the period from 1900 to 1994 cannot be determined reasonably and consequently, neither these costs nor the related amortization are reflected in these financial statements. Under Canon law, proceeds from the sale of property shall be split such that half are remitted to the Diocese and half are retained by the Church, unless otherwise determined by the Diocese.

Property and equipment are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of revenue and expenditures. Any impairment recognized is not reversed.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. The estimates of the Church include the useful lives of property and equipment, allowance for doubtful accounts, valuation of investments and certain accruals. These estimates are reviewed periodically, and adjustments are made to the excess (deficiency) of revenue over expenditures as appropriate in the year they become known.

The Church of St. Clement, Eglinton

Notes to the Financial Statements

December 31, 2021

3. Investments

	<u>2021</u>	<u>2020</u>
Long-term investments		
Consolidated Trust Fund (Note 2)	\$ 1,842,955	\$ 1,649,379
Short-term investments		
Investment savings account	<u>577,539</u>	<u>579,006</u>
	<u>\$ 2,420,494</u>	<u>\$ 2,228,385</u>

Investments are held by various funds and are restricted to be used by the funds based on the original intentions of the funds. Although cash balances may be loaned to other funds to cover cash flow requirements (Note 4), the original intentions of the funds and the related investments must be preserved. The schedule below outlines the investments held by each fund.

	<u>2021</u>	<u>2020</u>
Operating funds		
General Fund	\$ 229,308	\$ 231,349
St. Margaret's Ministry Fund	<u>84,282</u>	<u>84,282</u>
	<u>313,590</u>	<u>315,631</u>
Internally restricted funds		
Rectory Fund	1,485,622	1,329,578
Legacy Fund	74,048	73,887
Outreach	56,731	56,607
College of Preaching	<u>13,622</u>	<u>13,592</u>
	<u>1,630,023</u>	<u>1,473,664</u>
Externally restricted funds		
Outreach	<u>119,548</u>	<u>119,289</u>
Endowment funds		
Gerald Loweth Endowment	203,906	182,488
Don and Lillian Wright Music Endowment	90,968	81,413
General Endowment	<u>62,459</u>	<u>55,900</u>
	<u>357,333</u>	<u>319,801</u>
Externally restricted and endowed funds	<u>\$ 2,420,494</u>	<u>\$ 2,228,385</u>

Net income (loss) from investments

	<u>2021</u>	<u>2020</u>
Interest and dividend income on unrestricted and restricted resources	\$ 90,628	\$ 92,447
Unrealized gain on unrestricted and restricted resources	197,577	80,786
Interest expense on interfund loan to capital funds	<u>(23,297)</u>	<u>(23,982)</u>
	<u>\$ 264,908</u>	<u>\$ 149,251</u>

The Church of St. Clement, Eglinton

Notes to the Financial Statements

December 31, 2021

4. Due from (to) other funds

Cash balances may be loaned from one fund to another to accommodate cash flows and other long-term funding requirements, such as for building renovations. These amounts shall be repaid to ensure original funding intentions are preserved. Where interfund loans are used to accommodate cash and short-term funding requirements, no interest shall be charged on these balances. Where loans are made to accommodate longer term financing needs, such as for the building renovation (Note 6), interfund interest shall be charged at rates to approximate the returns earned by other investments held by the Church (Note 3); however, interest shall not be paid to operating accounts. The table below identifies the details of the balances owed from and to the funds.

	<u>2021</u>	<u>2020</u>
Operating funds		
St. Margaret's Ministry Fund	\$ 649,954	\$ 650,025
General Fund	<u>(656,996)</u>	<u>(474,604)</u>
	<u>(7,042)</u>	<u>175,421</u>
Internally restricted funds		
Outreach	212,148	211,217
College of Preaching	217,826	216,898
Other	<u>42,078</u>	<u>(2,970)</u>
	<u>472,052</u>	<u>425,145</u>
Externally restricted funds		
Courtyard Cemetery	3,640	1,879
Chancel Guild	(1,836)	(1,989)
College of Preaching	1,320	(12,089)
Pastoral Discretionary	548	548
Outreach	(15,772)	(7,475)
Music	(2,678)	(10,756)
Other	<u>21,798</u>	<u>21,798</u>
	<u>7,020</u>	<u>(8,084)</u>
Endowment funds		
Gerald Loweth Endowment	37,590	8,715
Don and Lillian Wright Music Endowment	97,576	97,990
General Endowment	<u>105,288</u>	<u>-</u>
	<u>240,454</u>	<u>106,705</u>
Capital funds		
Building Renewal Plan and other capital projects (Note 6)	<u>(712,484)</u>	<u>(699,187)</u>
	<u>\$ -</u>	<u>\$ -</u>

The Church of St. Clement, Eglinton

Notes to the Financial Statements

December 31, 2021

5. Cemetery funds held in trust

The Cemetery funds are held in trust with the Diocese to provide for the care of the cemetery grounds in perpetuity, in accordance with the Cemetery Act.

6. Property and equipment

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Building renewal costs	\$ 5,033,930	\$ 1,873,794	\$ 3,160,136	\$ 3,327,936
Major building improvements	2,126,111	1,371,533	754,578	830,380
Housing at 65 and 67 St. Clements Ave	599,811	286,915	312,896	327,927
Organ refurbishing	386,187	294,018	92,169	105,043
Furnishings and equipment	655,732	301,809	353,923	357,364
HVAC system under capital lease (Note 8)	367,068	87,715	279,353	297,707
Courtyard cemetery	19,329	8,901	10,428	11,160
	<u>\$ 9,188,168</u>	<u>\$ 4,224,685</u>	<u>\$ 4,963,483</u>	<u>\$ 5,257,517</u>

Building renewal costs substantially represent the costs of a major renovation that was approved in 2008 and substantially completed in 2012. Gross project costs were approximately \$5.2 million and were funded primarily from pledged donations and the sale of redundant assets of \$4.7 million. Full details are presented in the 2012 financial statements. The project deficit and outstanding pledges have been financed by borrowings from other funds (Note 4).

Property and equipment additions during the year consist of the following:

	2021	2020
Furnishings and equipment	\$ 73,652	\$ -
Major building improvements	-	27,941
Housing at 65 and 67 St. Clements Ave.	-	9,250
	<u>\$ 73,652</u>	<u>\$ 37,191</u>

The Church of St. Clement, Eglinton

Notes to the Financial Statements

December 31, 2021

7. Deferred contributions

	<u>2021</u>			<u>2020</u>
	<u>Program and other</u>	<u>Outreach</u>	<u>Total</u>	<u>Total</u>
Deferred contributions, beginning of year	\$ 122,237	\$ 72,806	\$ 195,043	\$ 218,185
Funds received	12,510	10,943	23,453	34,108
Less: revenue recognized during the year	<u>(46,437)</u>	<u>(3,333)</u>	<u>(49,770)</u>	<u>(57,250)</u>
Deferred contributions, end of year	<u>\$ 88,310</u>	<u>\$ 80,416</u>	<u>\$ 168,726</u>	<u>\$ 195,043</u>

8. Capital lease obligation

A lease arrangement was established with the Royal Bank of Canada to borrow \$363,410 to fund the replacement of the HVAC system (Note 6). The HVAC system is leased for a period of 7 years and has a residual value of \$1. The lease rate is variable based on the Royal Bank prime rate plus 1%. Based on current rates, the monthly principal and interest payment is expected to be \$4,918. Lease payments began October 2017.

Future minimum lease payments are expected to be as follows:

2022	\$ 59,021
2023	59,021
2024	<u>44,266</u>
	162,308
Less amount representing interest	<u>(8,224)</u>
Present value of minimum lease payments	154,084
Less current portion	<u>54,225</u>
Long-term portion	<u>\$ 99,859</u>

Interest on the capital lease obligation during the year of \$6,766 (2020 - \$8,664) is recorded in the statement of revenue and expenditures.

9. Expenditures in the operating funds

	<u>2021</u>	<u>2020</u>
Personnel expenditures include:		
Clerical	\$ 256,922	\$ 287,609
Laity	<u>372,188</u>	<u>318,846</u>
	<u>\$ 629,110</u>	<u>\$ 606,455</u>

The Church of St. Clement, Eglinton

Notes to the Financial Statements

December 31, 2021

9. Expenditures in the operating funds (continued)

	<u>2021</u>	<u>2020</u>
Property expenditures include costs for each location:		
Church building	\$ 234,176	\$ 155,710
65 St. Clements Avenue	18,173	15,511
67 St. Clements Avenue	<u>13,752</u>	<u>20,127</u>
	<u>\$ 266,101</u>	<u>\$ 191,348</u>

10. Outreach programs

The Church has an active outreach program that is supported by several groups within the Church. Funds are raised by these groups and additional funding is provided from the General Fund. Revenue is included in donations revenue and expenditures included as outreach programs in the statement of revenue and expenditures. The schedule below identifies the revenue and expenditures associated with various outreach activities:

	<u>2021 Revenue</u>	<u>2021 Expenditures</u>
International Focus		
Haitian Students	\$ 70,618	\$ 66,927
PWRDF	5,092	10,000
Anglican United Refugee Alliance (AURA)	-	9,000
National Focus		
Indspire - Indigenous Youth Scholarship	9,850	10,000
Local and Parish Focus		
Food programs	20,286	-
Flemingdon Park Ministry - Food	-	13,000
Community lunch	-	5,313
Flemingdon Park Food Bank	-	4,695
St. Bartholomew Food Bank	-	1,500
Homelessness and Housing	8,285	-
LOFT	-	13,000
Matthew House	-	13,000
Faithworks	26,323	26,323
Flemingdon Park Ministry – General Fund	4,050	14,478
Flemingdon Public School – School Supplies	475	494
Native Child and Family Services	-	3,000
Toronto Urban Ministry	-	3,000
Covenant House	-	4,000
Refugee Family Support	3,333	3,752
Other	<u>1,810</u>	<u>1,778</u>
	150,122	203,260
Operating funds	<u>42,000</u>	<u>-</u>
	<u>\$ 192,122</u>	<u>\$ 203,260</u>

The Church of St. Clement, Eglinton

Notes to the Financial Statements

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11. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

Credit risk

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment that it has entered into with the Church. The Church is exposed to credit risk relating to its accounts receivable as failure of any of these parties to fulfill their obligation could result in significant financial losses.

The Church reduces its exposure to credit risk by creating an allowance for doubtful accounts when appropriate. As at December 31, 2021, the allowance for doubtful accounts is \$Nil (2020 - \$Nil).

Market risk

The Church is exposed to market risk on its investments since changes in market prices could result in changes in the fair value of these instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Church is exposed to interest rate risk with respect to its fixed income investments and variable rate capital lease obligation. The Church mitigates its exposure by investing in accordance with its investment strategy.

Liquidity risk

Liquidity risk is the risk that the Church could encounter difficulty in raising funds to meet obligations associated with its financial liabilities. The Church is exposed to liquidity risk with respect to its accounts payable. The Church manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure it has sufficient funds available to meet current and foreseeable financial obligations.

Included in accounts payable and accrued liabilities are government remittances owing of \$Nil (2020 - \$Nil).

12. COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, organizations were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Church of St. Clement, Eglinton

Notes to the Financial Statements

December 31, 2021

12. COVID-19 (continued)

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Church for future periods. As at the audit report date, the Church experienced a decline in offerings relative to historical trends. However, the Church expects that ongoing cost mitigation efforts in addition to government assistance, of which \$Nil (2020 - \$17,285) was accrued for at year end, will provide the necessary support for the foreseeable future.

13. Comparative figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2021 financial statements.

The Church of St. Clement, Eglinton

Schedule of Restricted and Endowment Funds

Year ended December 31

	Balance December 31 2020	Revenue	Expenditures	Transfers	Balance December 31 2021
Internally restricted funds					
Outreach	\$ 267,852	\$ 9,436	\$ -	\$ (8,381)	\$ 268,907
College of Preaching	230,460	9,567	-	(8,609)	231,418
Legacy	80,458	45,208	-	-	125,666
The Rectory Fund	1,329,578	208,565	-	(52,520)	1,485,623
Other	(9,539)	-	-	-	(9,539)
	<u>\$ 1,898,809</u>	<u>\$ 272,776</u>	<u>\$ -</u>	<u>\$ (69,510)</u>	<u>\$ 2,102,075</u>
Externally restricted funds					
Courtyard Cemetery	\$ 38,939	\$ 6,649	\$ -	\$ -	\$ 45,588
Chancel Guild	(1,936)	-	-	-	(1,936)
College of Preaching	(7,089)	-	(200)	8,609	1,320
Pastoral Discretionary	548	-	-	-	548
Outreach	14,042	150,122	(161,260)	20,715	23,619
Music	(10,756)	-	-	8,077	(2,679)
Other	21,798	-	-	-	21,798
	<u>\$ 55,546</u>	<u>\$ 156,771</u>	<u>\$ (161,460)</u>	<u>\$ 37,401</u>	<u>\$ 88,258</u>
Endowment Funds					
Gerald Loweth Endowment	\$ 191,203	\$ 62,627	\$ -	\$ (12,334)	\$ 241,496
Don and Lillian Wright Music Endowment Fund	179,403	17,216	-	(8,077)	188,542
General Endowment	55,900	112,407	-	(558)	167,749
	<u>\$ 426,506</u>	<u>\$ 192,250</u>	<u>\$ -</u>	<u>\$ (20,969)</u>	<u>\$ 597,787</u>

In 2021, the following interfund transfers were completed:

1. \$8,381 (2020 - \$8,362) of investment income from the Internally Restricted Outreach Fund to the Externally Restricted Outreach Fund in accordance with fund policy;
2. \$8,609 (2020 - \$8,311) of investment income from the Internally Restricted College of Preaching Fund to the Externally Restricted College of Preaching Fund in accordance with fund policy;
3. \$52,520 (2020 - \$53,105) of investment income from the Internally Restricted Rectory Fund to the General Fund;
4. \$12,334 (2020 - \$2,163) of investment income from the Gerald Loweth Endowment Fund to the Externally Restricted Outreach Fund in accordance with fund policy;
5. \$8,077 (2020 - \$6,974) of investment income from the Don and Lillian Wright Music Endowment Fund to the Externally Restricted Music Fund in accordance with fund policy; and
6. \$558 (2020 - \$2,233) of investment income from the General Endowment Fund to the General Fund in accordance with fund policy.