

**ST. MICHAEL THE ARCHANGEL
ANGLICAN CHURCH**

Financial Statements

June 30, 2024

ST. MICHAEL THE ARCHANGEL ANGLICAN CHURCH

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Year Ended June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Wardens of St. Michael The Archangel Anglican Church,

Qualified Opinion

We have audited the accompanying financial statements of St. Michael The Archangel Anglican Church, which comprise the statement of financial position as at June 30, 2024 and the statements of receipts and disbursements and fund balances and its 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 of our report, the accompanying financial statements present fairly, in all material respects, the financial position of church as at June 30, 2024, 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.

Basis for Qualified Opinion

In common with many charitable organizations, St. Michael The Archangel Anglican Church derives revenue from donations and fund-raising 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 church. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess revenue over expenditure, cash flows from operations for the years ended June 30, 2024 and 2023, current assets as at June 30, 2024 and 2023, net assets as at July 1 and June 30 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended June 30, 2023 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of 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 of 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 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 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 church or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing church's financial reporting process.

Auditors' 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 auditors' 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 misstatements 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 through out the audit. We also:

- Identify and assess the risk 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 church's internal control.*
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 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 auditors' 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 auditors' report. However, future events or conditions may cause 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.

Senathi & Associates

Senathi & Associates
professional corporation

CHARTERED PROFESSIONAL ACCOUNTANTS

(Authorized to practise public accounting by the Chartered Professional Accountants of Ontario)

Toronto, Ontario
December 20, 2024

ST. MICHAEL THE ARCHANGEL ANGLICAN CHURCH

Statement of Financial Position

June 30, 2024

	2024	2023
ASSETS		
CURRENT		
Cash and bank	\$ 46,328	\$ 26,885
Cash and bank - Goldhawk Church Campus	22,930	19,178
Investments (Note 3)	85,391	51,989
Investments - Goldhawk Church Campus (Note 4)	15,808	13,967
HST rebate recoverable	1,166	1,825
HST rebate recoverable - Goldhawk Church Campus	1,925	1,601
	\$ 173,548	\$ 115,445
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,998	\$ 3,199
Rent deposit	500	-
	4,498	3,199
FUND BALANCES		
General Fund	118,117	70,264
Internally restricted funds		
Building Improvement Fund	13,106	11,803
Computer Fund	5	5
Men's Fellowship Fund	466	466
Discretionary Fund	212	394
Relief Fund	518	518
Out of the Cold Fund	131	191
Campus Fund	35,336	27,818
Church Garden Fund	1,159	787
	169,050	112,246
	\$ 173,548	\$ 115,445

APPROVED BY THE WARDENS:

_____ *Warden*

_____ *Warden*

See accompanying notes to financial statements.

ST. MICHAEL THE ARCHANGEL ANGLICAN CHURCH
Statement of Receipts and Disbursements and Fund Balances
Year Ended June 30, 2024

	2024	2023
<u>GENERAL FUND</u>		
RECEIPTS		
Envelopes	\$ 90,333	\$ 71,756
Investment distributions by the Diocese (Note 3)	36,408	38,373
Rental income	2,128	136
Sundry revenue	328	188
Fundraising	208	240
Grants	-	7,500
	129,405	118,193
DISBURSEMENTS		
Personnel	\$ 45,705	\$ 60,739
Priest housing expenses	14,793	29,348
Mission	12,280	11,214
Administration	6,770	5,623
Ministry and worship	2,004	2,276
Repairs and maintenance	-	594
	81,552	109,794
EXCESS REVENUE OVER EXPENDITURE	47,853	8,399
OPENING BALANCE	70,264	61,865
CLOSING BALANCE	\$ 118,117	\$ 70,264

SUMMARY OF INTERNALLY RESTRICTED FUNDS

RECEIPTS	\$ 31,681	\$ 30,962
DISBURSEMENTS	22,730	24,496
EXCESS REVENUE OVER EXPENDITURE	8,951	6,466
OPENING BALANCE	41,982	35,516
CLOSING BALANCE	\$ 50,933	\$ 41,982

See accompanying notes to financial statements.

ST. MICHAEL THE ARCHANGEL ANGLICAN CHURCH
Statement of Receipts and Disbursements and Fund Balances
Year Ended June 30, 2024

	2024	2023
<u>DETAILS OF RESTRICTED FUND BALANCE ACTIVITIES</u>		
<u>BUILDING IMPROVEMENT FUND</u>		
RECEIPTS	\$ 1,303	\$ 852
DISBURSEMENTS	-	-
EXCESS REVENUE OVER EXPENDITURE	1,303	852
OPENING BALANCE	11,803	10,951
CLOSING BALANCE	\$ 13,106	\$ 11,803
<u>COMPUTER FUND</u>		
RECEIPTS	\$ -	\$ -
DISBURSEMENTS	-	-
EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURE	-	-
OPENING BALANCE	5	5
CLOSING BALANCE	\$ 5	\$ 5
<u>MEN'S FELLOWSHIP FUND</u>		
RECEIPTS	\$ -	\$ -
DISBURSEMENTS	-	-
EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURE	-	-
OPENING BALANCE	466	466
CLOSING BALANCE	\$ 466	\$ 466

See accompanying notes to financial statements.

ST. MICHAEL THE ARCHANGEL ANGLICAN CHURCH
Statement of Receipts and Disbursements and Fund Balances
Year Ended June 30, 2024

	2024	2023
<u>DISCRETIONARY FUND</u>		
RECEIPTS	\$ -	\$ -
DISBURSEMENTS	182	-
EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURE	(182)	-
OPENING BALANCE	394	394
CLOSING BALANCE	\$ 212	\$ 394
<u>RELIEF FUND</u>		
RECEIPTS	\$ -	\$ -
DISBURSEMENTS	-	-
EXCESS (DEFICIENCY OF) REVENUE OVER EXPENDITURE	-	-
OPENING BALANCE	518	518
CLOSING BALANCE	\$ 518	\$ 518
<u>OUT OF THE COLD FUND</u>		
RECEIPTS	\$ 220	\$ 185
DISBURSEMENTS	280	300
DEFICIENCY OF REVENUE OVER EXPENDITURE	(60)	(115)
OPENING BALANCE	191	306
CLOSING BALANCE	131	191

See accompanying notes to financial statements.

ST. MICHAEL THE ARCHANGEL ANGLICAN CHURCH
Statement of Receipts and Disbursements and Fund Balances
Year Ended June 30, 2024

	2024	2023
<u>CAMPUS FUND</u>		
RECEIPTS		
Rental income	27,929	27,203
Dividend income	583	528
Change in market value	1,258	1,284
	29,770	29,015
DISBURSEMENTS		
Expenses	22,252	23,898
EXCESS OF REVENUE OVER EXPENDITURE	7,518	5,117
OPENING BALANCE	27,818	22,701
CLOSING BALANCE	35,336	27,818
<u>CHURCH GARDEN FUND</u>		
RECEIPTS	388	910
DISBURSEMENTS	16	298
EXCESS OF REVENUE OVER EXPENDITURE	372	612
OPENING BALANCE	787	175
CLOSING BALANCE	\$ 1,159	\$ 787

See accompanying notes to financial statements.

ST. MICHAEL THE ARCHANGEL ANGLICAN CHURCH

Statement of Cash Flows

Year Ended June 30, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess revenue over expenditure - General Fund	\$ 47,853	\$ 8,399
Excess revenue over expenditure - Internally restricted funds	\$ 8,951	\$ 6,466
	56,804	14,865
Changes in non-cash working capital items:		
HST rebate recoverable	659	(525)
HST rebate recoverable - Goldhawk Church Campus	(324)	(65)
Accounts payable and accrued liabilities	799	(1,241)
Rent deposit	500	-
	1,634	(1,831)
Cash flow from operating activities	58,438	13,034
INVESTING ACTIVITIES		
Investments	(33,402)	1,957
Investments - Goldhawk Church Campus	(1,841)	(1,811)
Cash flow from (used by) investing activities	(35,243)	146
INCREASE IN CASH FLOW	23,195	13,180
CASH - Beginning of year	46,063	32,883
CASH - End of year	\$ 69,258	\$ 46,063
CASH CONSISTS OF:		
Cash and bank	\$ 46,328	\$ 26,885
Cash and bank - Goldhawk Church Campus	22,930	19,178
	\$ 69,258	\$ 46,063

See accompanying notes to financial statements.

ST. MICHAEL THE ARCHANGEL ANGLICAN CHURCH

Notes to Financial Statements

June 30, 2024

DESCRIPTION OF OPERATIONS

St. Michael The Archangel Anglican Church (the "church") is a charitable organization incorporated by Letters of Patent under the Canada Business Corporation act without share capital to preach and advance the teaching of the Christian faith and the religious tenets, doctrines, observances and cultures associated with that faith.

St. Michael The Archangel Anglican Church is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

Fund Accounting

To recognize the limitations and restrictions placed on the use of available resources, the church maintains its accounts in accordance with the principles of fund accounting. Under fund accounting, resources are segregated into account groups according to the activity or specified objectives to which resources are applied. For financial reporting purposes, the accounts have been classified into the following major funds:

General Fund - This fund includes resources that are unrestricted, which are available for immediate purposes and accounts for the church's general and administrative activities.

Building Improvement Fund - This fund includes resources that have been set aside for major capital expenses related to the building.

Other Funds - Other internally restricted funds are Computer Fund, Men's Fellowship Fund, Discretionary Fund, Relief Fund, Out of the Cold Fund, Campus Fund, and Church Garden Fund. All these funds are set aside to meet specific activities of the church.

Revenue Recognition

The church follows restricted fund method of accounting for its contributions.

Unrestricted contributions are recognized as revenue in the appropriate unrestricted fund in the year received or upon becoming receivable.

Restricted contributions (internal and external) are recognized as revenue in the appropriate restricted fund when received or receivable. Restricted contributions including any income generated from restricted resources can only be used for the purposes designated.

All other contributions are recognized when they earned.

(continues)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments

Financial instruments consists of cash, investments, and accounts payable and accrued liabilities.

The church initially measures its financial assets and liabilities at fair value and subsequently measures them at amortized cost less any discovered impairment.

The church measures investments in equity instruments for which the fair value is readily available at market.

Joint Venture

The church accounts for its interest in joint ventures using the proportionate consolidation method.

Capital Assets

Canadian generally accepted accounting principles for not-for-profit organization does not require capitalization of capital assets if the average annual revenue recognized in the statement of operations for the current and preceding period of the church is less than \$500,000. Therefore the church chooses to charge capital assets to operations in the year of acquisition.

Contributed Services

Volunteers contribute in carrying out the church's services delivery activities. Because of 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 conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for accounts payable and accrued liabilities at year-end. Actual results could differ from these estimates.

2. JOINT VENTURE

Goldhawk church campus

The church entered into a working agreement with St. John Presbyterian Church, a second denomination, about usage of the property referred to as the Church Campus, located at 410 Goldhawk Trail in the City of Scarborough. The agreement calls for equal representation of both denominations on the Board and joint control of operations at the Church Campus, except worship services and church programs that each denomination is permitted to observe and maintain separately.

ST. MICHAEL THE ARCHANGEL ANGLICAN CHURCH

Notes to Financial Statements

June 30, 2024

3. INVESTMENT HELD BY THE DIOCESE

Investments consist of the following

	2024	2023
218.63 units in the Unrestricted Fund held by The Incorporated Synod of the Diocese of Toronto, valued at \$290.4840 per unit	\$ 63,509	\$ 32,659
41.85 units in the Restricted Fund held by The Incorporated Synod of the Diocese of Toronto, valued at \$290.4840 per unit	12,157	10,739
33.48 units in the Contingency Restricted Fund held by The Incorporated Synod of the Diocese of Toronto, valued at \$290.4840 per unit	9,725	8,591
	\$ 85,391	51,989

St. Michael's rectory was sold by the Diocese for \$932,000. The net proceeds are invested by the Diocese under a Rectory Fund in favour of the church.

Income generated from this investment is distributed to the church to reimburse the incumbent for any housing allowances. Any unused distributions are reinvested by the Diocese in the Rectory Fund.

The value of the investments as of June 30, 2024 was \$1,229,775 (2023 - \$1,112,650) is held in trust and is not reflected in the church's audited financial statements..

4. INVESTMENTS - GOLDHAWK CHURCH CAMPUS

Investments consist of the following

	2024	2023
108.84 units in the Goldhawk Church Campus Fund held by The Incorporated Synod of the Diocese of Toronto, valued at \$290.4840 per unit. Out of this one -half belongs to the church.	\$ 15,808	\$ 13,967

5. FINANCIAL INSTRUMENTS RISK EXPOSURE

The church is exposed to various risks through its financial instruments. The following analysis provides a measure of the church's risk exposure and concentration at the balance sheet date.

Market risk

The investments in the Rectory fund and other investments held by the Diocese are exposed to market risk, which could affect the value of investments and the amount of quarterly investment distributions available to reimburse the incumbent for housing expenses.