

ST. ANDREW'S PRESBYTERIAN CHURCH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

ST. ANDREW'S PRESBYTERIAN CHURCH
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YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of: St. Andrew's Presbyterian Church

Qualified Opinion

We have audited the accompanying financial statements of St. Andrew's Presbyterian Church, which comprise the statement of financial position as at December 31, 2020 and the statements of revenues and expenditures and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of St. Andrew's Presbyterian Church as at December 31, 2020 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, the church derives some of the revenues from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the church and we were not able to determine whether any adjustments might be necessary to revenues, net surplus and cash flows from operations for the year ended December 31, 2020, current assets as at December 31, 2020, and net assets as at January 01, 2020 and December 31, 2020. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2019 was modified because of the possible effects of a similar 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 St. Andrew's Presbyterian 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.

Predecessor auditor

The financial statements of St. Andrew's Presbyterian Church for the year ended December 31, 2019 were audited by the predecessor auditor who expressed a qualified opinion on those financial statements on February 24, 2020 for reasons described in the Basis for Qualified Opinion paragraph.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not for profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the church's ability to continue as a going concern, disclosing, as applicable, matters related to 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 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 judgement 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 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.



Guelph, Ontario
March 7, 2021

Chartered Professional Accountants
Licensed Public Accountants

ST. ANDREW'S PRESBYTERIAN CHURCH
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Operating Fund	Endowment Fund	Other Funds	Trustee Funds	2020	2019
ASSETS						
CURRENT						
Cash	\$ 18,060	\$ 0	\$ 155,103	\$ 884	\$ 174,047	\$ 126,136
GICs	0	0	0	8,443	8,443	8,443
Portfolio investments	0	689,912	0	588,987	1,278,899	1,089,248
Accounts receivable	12,435	0	0	31	12,466	20,499
Prepaid expenses	10,361	0	0	0	10,361	19,133
	<u>40,856</u>	<u>689,912</u>	<u>155,103</u>	<u>598,345</u>	<u>1,484,216</u>	<u>1,263,459</u>
CAPITAL ASSETS (note 4)	<u>554,069</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>554,069</u>	<u>573,727</u>
	<u>\$ 594,925</u>	<u>\$ 689,912</u>	<u>\$ 155,103</u>	<u>\$ 598,345</u>	<u>\$ 2,038,285</u>	<u>\$ 1,837,186</u>
LIABILITIES						
CURRENT						
Line of credit (note 5)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,000
Accounts payable and accrued liabilities	24,700	0	0	0	24,700	19,009
Deferred grant	0	0	0	0	0	10,000
	<u>24,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,700</u>	<u>62,009</u>
FUND BALANCES						
INVESTED IN CAPITAL ASSETS	554,069	0	0	0	554,069	573,727
INTERNALLY RESTRICTED	0	0	0	598,345	598,345	(267,589)
EXTERNALLY RESTRICTED	0	0	155,103	0	155,103	797,623
UNRESTRICTED	16,156	0	0	0	16,156	(18,496)
ENDOWMENT	<u>0</u>	<u>689,912</u>	<u>0</u>	<u>0</u>	<u>689,912</u>	<u>689,912</u>
	<u>570,225</u>	<u>689,912</u>	<u>155,103</u>	<u>598,345</u>	<u>2,013,585</u>	<u>1,775,177</u>
	<u>\$ 594,925</u>	<u>\$ 689,912</u>	<u>\$ 155,103</u>	<u>\$ 598,345</u>	<u>\$ 2,038,285</u>	<u>\$ 1,837,186</u>

See notes to the financial statements

ST. ANDREW'S PRESBYTERIAN CHURCH

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Operating Fund (unrestricted)	Endowment Fund (externally restricted)	Other Funds (externally restricted)	Trustee Funds (internally restricted)	2020	2019
REVENUES						
Givings and donations	\$ 267,616	\$ 0	\$ 100,554	\$ 0	\$ 368,170	\$ 389,963
Interest and investment income (note 8)	0	27,410	0	27,873	55,283	109,408
Easter, anniversary and Christmas	25,145	0	0	0	25,145	20,384
Government assistance	27,306	0	0	0	27,306	0
Rental income and weddings	16,060	0	0	0	16,060	33,410
Grants	11,088	0	0	0	11,088	0
Fellowship	6,750	0	0	0	6,750	14,166
	<u>353,965</u>	<u>27,410</u>	<u>100,554</u>	<u>27,873</u>	<u>509,802</u>	<u>567,331</u>
EXPENDITURES						
Personnel	178,950	0	0	0	178,950	236,116
Occupancy and maintenance	70,365	0	0	0	70,365	58,064
Fund distributions	0	0	53,162	0	53,162	86,016
Amortization	30,670	0	0	0	30,670	27,360
Stewardship	13,557	0	0	0	13,557	19,493
Mission and outreach	12,015	0	0	0	12,015	9,046
Session	8,634	0	0	0	8,634	1,795
Presbytery of Brampton	6,710	0	0	0	6,710	6,710
Worship	6,150	0	0	0	6,150	14,923
Audit	5,396	0	0	0	5,396	2,702
Education	3,363	0	0	0	3,363	3,912
	<u>335,810</u>	<u>0</u>	<u>53,162</u>	<u>0</u>	<u>388,972</u>	<u>466,137</u>
NET SURPLUS FROM OPERATIONS	18,155	27,410	47,392	27,873	120,830	101,194
Adjust investments to fair value	0	72,933	0	44,645	117,578	68,203
NET SURPLUS for the year	18,155	100,343	47,392	72,518	238,408	169,397
FUND BALANCES, beginning of year	555,231	689,912	107,711	422,323	1,775,177	1,605,780
TRANSFERS	(3,161)	(100,343)	0	103,504	0	0
FUND BALANCES, end of year	<u>\$ 570,225</u>	<u>\$ 689,912</u>	<u>\$ 155,103</u>	<u>\$ 598,345</u>	<u>\$ 2,013,585</u>	<u>\$ 1,775,177</u>

See notes to the financial statements

ST. ANDREW'S PRESBYTERIAN CHURCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net surplus for the year	\$ 238,408	\$ 169,397
Items not requiring an outlay of cash		
Unrealized gain on portfolio investments	(117,578)	(68,203)
Amortization	<u>30,670</u>	<u>27,360</u>
	151,500	128,554
Changes in non-cash working capital		
Accounts receivable	8,033	(1,612)
Prepaid expenses	8,772	(8,867)
Accounts payable and accrued liabilities	5,691	2,620
Deferred grant	<u>(10,000)</u>	<u>10,000</u>
	<u>163,996</u>	<u>130,695</u>
CASH (USED IN) FINANCING ACTIVITIES		
Repayment of line of credit	<u>(33,000)</u>	<u>(31,000)</u>
CASH (USED IN) INVESTING ACTIVITIES		
Additions to capital assets	(11,012)	(48,530)
Investment in portfolio investments	<u>(72,073)</u>	<u>(26,983)</u>
	<u>(83,085)</u>	<u>(75,513)</u>
NET INCREASE IN CASH	47,911	24,182
NET CASH, BEGINNING OF YEAR	<u>126,136</u>	<u>101,954</u>
NET CASH, END OF YEAR	<u>\$ 174,047</u>	<u>\$ 126,136</u>

ST. ANDREW'S PRESBYTERIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. NATURE OF OPERATIONS

St. Andrew's Presbyterian Church is a not-for-profit church incorporated under the laws of Ontario without share capital and is a registered charity under the Income Tax Act. St. Andrew's Presbyterian Church is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Manse & other buildings	- 40	years straight line basis
Heating system	- 20	years straight line basis
Organ and music equipment	- 20	years straight line basis
Office and other equipment	- 3	years straight line basis
Parking lot	- 20	years straight line basis

Contributed capital assets are recorded at fair market value at the time of contribution.

(b) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include the useful life of capital assets. Actual results could differ from those estimates.

(c) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The church initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The church subsequently measures all its financial assets and financial liabilities at amortized cost, except for portfolio investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net surplus.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

ST. ANDREW'S PRESBYTERIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FINANCIAL INSTRUMENTS (continued)

Transaction costs

The church recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(d) CONTRIBUTED MATERIALS AND SERVICES

During the year, a number of organizations and individuals donate materials to the church and a number of volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed materials and services are not recorded in the financial statements.

(e) FUND ACCOUNTING

Internally restricted funds refers to funds which are restricted by the trustees or management of the organization. Externally restricted funds refer to funds which are restricted by donors.

Operating fund

The unrestricted operating fund reports the day to day operation of the church property and its service delivery to the congregation and the community.

Food bank fund

The food bank fund reports givings that are intended to fund the food bank section of the church in its food bank operations. This fund is externally restricted.

Anniversary fund

The anniversary fund reports givings to help celebrate the 160th anniversary of St. Andrew's Brampton and to provide funding for future use and development of the education wing. This fund is externally restricted.

Improvements fund

The improvements fund reports givings intended to assist with the various major repairs and replacements of the church and property. This fund is externally restricted.

Mission fund

The mission fund reports givings intended to provide funding for missions. This fund is externally restricted.

Refugee fund

The refugee fund reports givings intended to assist with the placement of a refugee into the Brampton area. This fund is externally restricted.

Presbyterian Sharing and PWS&D funds

The Presbyterian sharing and PWS&D funds report givings and transfers from the operating fund intended to support the operations of the Presbyterian Church in Canada, together with its Canadian and international ministries. This fund is externally restricted.

ST. ANDREW'S PRESBYTERIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) FUND ACCOUNTING (continued)

Designated endowment fund

The designated endowment fund reports endowments deposited with the Presbyterian Church in Canada as a portfolio investment. The principal is held as a permanent endowment, while investment income is allocated to the various internally restricted trustee funds. This fund is externally restricted.

Enduring gifts fund

The enduring gifts fund reports givings made through wills and memorials. This fund is internally restricted.

Flame fund

The flame fund reports givings made through wills and memorials. This fund is internally restricted.

Programs, missions and benevolence fund

The programs, missions and benevolence fund (PM&B) reports givings made through wills and memorials. This fund is internally restricted.

Capital facilities fund

The capital facilities fund reports givings made through wills and memorials. This fund is internally restricted.

(f) REVENUE RECOGNITION

The church follows the restricted fund method of accounting for contributions. Contributions include donations and givings, Easter, anniversary & Christmas revenues, regional grants and fellowship revenues. Externally restricted and endowment contributions are recognized upon receipt in the appropriate fund corresponding to the purpose for which they were contributed. Externally restricted contributions of the operating fund are recognized as revenue when the related expenditure occurs. Unrestricted contributions are recognized in the operating fund when received or receivable and collection is reasonably assured.

Government assistance revenues are recognized in the period the related expenditure occurs.

Rental income & weddings revenues are recognized as the related events occur.

Other revenues, including interest and investment income, is recognized when earned.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the church is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the church's exposure to these risks did not change in 2020 compared to the previous period except as described in note 9.

ST. ANDREW'S PRESBYTERIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. FINANCIAL INSTRUMENTS (continued)

Transacting in financial instruments exposes the church to certain financial risks and uncertainties. These risks include:

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 as a result of the diversity of investments included in guaranteed investment certificates and portfolio investments.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2020	Net 2019
Land	\$ 25,000	\$ 0	\$ 25,000	\$ 25,000
Buildings	619,003	179,933	439,070	453,376
Heating system	70,778	37,778	33,000	36,539
Manse	100,000	100,000	0	0
Office & other equipment	64,494	57,932	6,562	2,076
Organ & music equipment	78,956	54,384	24,572	28,520
Parking lot	<u>47,032</u>	<u>21,167</u>	<u>25,865</u>	<u>28,216</u>
	<u>\$ 1,005,263</u>	<u>\$ 451,194</u>	<u>\$ 554,069</u>	<u>\$ 573,727</u>

5. LINE OF CREDIT

The church has utilized \$0 (2019 - \$33,000) of an authorized operating line of credit with a limit up to a maximum of \$100,000. The line of credit bears interest at prime plus 1.55%.

6. TRANSFERS

At year end, the designated endowment fund income was transferred to the internally restricted enduring gifts fund. Givings made through wills and memorials during the year totalling \$39,733 (2019 - \$4,713) were transferred from the operating fund to the various internally restricted trustee funds.

7. CORRESPONDING FIGURES

Certain figures presented for corresponding purposes have been reclassified to conform to the current year's presentation.

8. BRAMPTON AND AREA COMMUNITY FOUNDATION ENDOWMENT

During 2004, an anonymous donor created a permanent endowment fund of \$307,700 with the Brampton and Area Community Foundation (BACF) naming St. Andrew's Presbyterian Church, Brampton as the sole beneficiary. The funds are invested by BACF and a "determined" amounts of the investment income is to be given to St. Andrew's annually. During 2020, an amount of \$11,094 (2019 - \$11,670) was received from BACF, and included as interest & investment income in the enduring gift fund. As the principal amount is not administered by St. Andrew's, no principal amount is recorded in the church. Income from this endowment is recorded if and when received.

ST. ANDREW'S PRESBYTERIAN CHURCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

9. MATERIAL UNCERTAINTY DUE TO THE NOVEL CORONAVIRUS (COVID-19)

During and subsequent to year end, the impact of the Novel Coronavirus (COVID-19) in Canada and on the global economy increased significantly. This global pandemic has disrupted economic activities and has resulted in the church closing its location and cancelling programming and services. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. Further, the timing and amounts realized on the organization's assets as well as its future ability to deliver all programming may be impacted by the evolving circumstances of the virus.

As a result of the pandemic, the church received the Canada Emergency Wage Subsidy (CEWS) and 10% Temporary Wage Subsidy (TWS) which are recognized as revenue in government assistance.

ST. ANDREW'S PRESBYTERIAN CHURCH

SCHEDULE OF REVENUES AND EXPENDITURES - OTHER FUNDS

Schedule 1

FOR THE YEAR ENDED DECEMBER 31, 2020

	Food Bank Fund	Anniversary Improvements Fund	Mission Fund	Refugee Fund	Presbyterian Sharing Fund	PWS&D Fund	2020 Total	2019 Total	
REVENUES									
Givings and donations	\$ 60,627	\$ 0	\$ 800	\$ 0	\$ 13,590	\$ 20,392	\$ 5,145	\$ 100,554	\$ 109,327
EXPENDITURES									
Fund distributions	<u>27,625</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,392</u>	<u>5,145</u>	<u>53,162</u>	<u>(86,017)</u>
NET SURPLUS for the year	33,002	0	800	0	13,590	0	0	47,392	23,310
FUND BALANCES, beginning of year									
	55,178	4,676	7,980	7,105	32,772	0	0	107,711	80,910
TRANSFERS									
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,491</u>
FUND BALANCES, end of year									
	<u>\$ 88,180</u>	<u>\$ 4,676</u>	<u>\$ 8,780</u>	<u>\$ 7,105</u>	<u>\$ 46,362</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 155,103</u>	<u>\$ 107,711</u>

ST. ANDREW'S PRESBYTERIAN CHURCH
SCHEDULE OF REVENUES AND EXPENDITURES - TRUSTEE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

	Enduring Gifts Fund	Flame Fund	PM&B Fund	Capital Facilities Fund	2020 Total	2019 Total
REVENUES						
Interest and investment income	\$ 14,882	\$ 5,415	\$ 4,259	\$ 3,317	\$ 27,873	\$ 109,408
EXPENDITURES						
Fund distributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET SURPLUS FROM OPERATIONS	14,882	5,415	4,259	3,317	27,873	109,408
Adjust investments to fair value	<u>10,077</u>	<u>14,409</u>	<u>11,333</u>	<u>8,826</u>	<u>44,645</u>	<u>68,203</u>
NET SURPLUS for the year	24,959	19,824	15,592	12,143	72,518	177,611
FUND BALANCES, beginning of year	95,327	136,299	107,204	83,493	422,323	344,716
TRANSFERS	<u>99,450</u>	<u>1,622</u>	<u>1,216</u>	<u>1,216</u>	<u>103,504</u>	<u>(100,004)</u>
FUND BALANCES, end of year	<u>\$ 219,736</u>	<u>\$ 157,745</u>	<u>\$ 124,012</u>	<u>\$ 96,852</u>	<u>\$ 598,345</u>	<u>\$ 422,323</u>