

**CHURCH OF ST. PETER AND ST.  
SIMON-THE-APOSTLE**

***Financial Statements***

***December 31, 2022***

CHURCH OF ST. PETER AND ST. SIMON-THE-APOSTLE

Index to Financial Statements

Year Ended December 31, 2022

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## **INDEPENDENT AUDITORS' REPORT**

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To the Members of Church of St. Peter and St. Simon-The-Apostle,

### **Qualified Opinion**

We have audited the accompanying financial statements of Church of St. Peter and St. Simon-The-Apostle which comprise the statement of financial position as at December 31, 2022 and the statements of operations and changes in net assets 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 December 31, 2022, 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, Church of St. Peter and St. Simon-The-Apostle 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 (deficit of) revenue over expenses, cash flows from operations for the years ended December 31, 2022, current assets as at December 31, 2022, net assets as at January 1 and December 31 2022 .

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

Toronto, Ontario  
January 22, 2025

**CHARTERED PROFESSIONAL ACCOUNTANTS**

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

**CHURCH OF ST. PETER AND ST. SIMON-THE-APOSTLE**

**Statement of Financial Position**

**December 31, 2022**

|  | 2022         | 2021         |
|--|--------------|--------------|
| <b>ASSETS</b>  |              |              |
| <b>CURRENT</b>   |              |              |
| Cash   | \$ 69,098    | \$ 121,682   |
| Accounts receivable  | 144          | 500          |
| HST rebate receivable  | 52,503       | 8,371        |
| Prepaid expenses   | 4,231        | 4,987        |
|  | 125,976      | 135,540      |
| CAPITAL ASSETS <i>(Net of accumulated amortization)</i> (Note 2) | 529,551      | 77,616       |
| INVESTMENTS (Note 3)   | 771,308      | 1,130,854    |
|  | \$ 1,426,835 | \$ 1,344,010 |
| <b>LIABILITIES AND NET ASSETS</b>                                |              |              |
| <b>CURRENT</b>   |              |              |
| Accounts payable   | \$ 322,739   | \$ 13,741    |
| Deferred income (Note 4)   | 75,772       | 73,259       |
|  | 398,511      | 87,000       |
| <b>NET ASSETS</b>  |              |              |
| Net assets invested in capital assets                            | 529,551      | 77,616       |
| Unrestricted net assets  | 498,773      | 1,179,394    |
|  | 1,028,324    | 1,257,010    |
|  | \$ 1,426,835 | \$ 1,344,010 |

**APPROVED ON BEHALF OF THE CHURCH**

\_\_\_\_\_ Warden

\_\_\_\_\_ Warden

See accompanying notes to financial statements.

**CHURCH OF ST. PETER AND ST. SIMON-THE-APOSTLE**

**Statement of Operations and Changes in Net Assets**

**Year Ended December 31, 2022**

|  | 2022                | 2021                |
|--|---------------------|---------------------|
| <b>REVENUE</b>                                   |                     |                     |
| Donations  | \$ 245,407          | \$ 249,576          |
| Use of facilities - Other                        | 72,539              | 59,600              |
| Investment income                                | 39,566              | 39,658              |
| Designated donations                             | 11,833              | 13,546              |
| York rectory                                     | 6,419               | 6,800               |
| Other income                                     | 6,142               | 1,287               |
| Grant income                                     | 6,082               | 31,821              |
| Bequests   | 2,500               | 58,076              |
| Use of facilities - St Simon's shelter           | -                   | 73,909              |
|  | <b>390,488</b>      | <b>534,273</b>      |
| <b>EXPENSES</b>                                  |                     |                     |
| Clergy   | \$ 119,464          | \$ 153,409          |
| Staff cost                                       | 95,836              | 92,091              |
| Diocesan allotment                               | 72,986              | 71,229              |
| Music  | 59,112              | 52,847              |
| Repairs and maintenance                          | 50,262              | 55,094              |
| Utilities  | 47,845              | 52,038              |
| Insurance  | 34,304              | 29,639              |
| Office expenses                                  | 18,193              | 13,180              |
| Amortization                                     | 11,485              | 8,004               |
| Professional fees                                | 6,900               | 5,302               |
| Graphic artist and web designer fees             | -                   | 4,487               |
| Legal fees (Note 7)                              | ( 1,914)            | 14,285              |
|  | <b>514,473</b>      | <b>551,605</b>      |
| <b>LOSS FROM OPERATIONS</b>                      | <b>( 123,985)</b>   | <b>( 17,332)</b>    |
| Unrealized gain (loss) on investments            | ( 104,701)          | 118,687             |
| <b>EXCESS (DEFICIT OF) REVENUE OVER EXPENSES</b> | <b>( 228,686)</b>   | <b>101,355</b>      |
| <b>NET ASSETS - BEGINNING OF YEAR</b>            | <b>1,257,010</b>    | <b>1,155,655</b>    |
| <b>NET ASSETS - END OF YEAR</b>                  | <b>\$ 1,028,324</b> | <b>\$ 1,257,010</b> |

See accompanying notes to financial statements.

**CHURCH OF ST. PETER AND ST. SIMON-THE-APOSTLE**

**Statement of Cash Flows**

**Year Ended December 31, 2022**

|   | <b>2022</b>       | <b>2021</b>       |
|---|-------------------|-------------------|
| <b>OPERATING ACTIVITIES</b>                   |                   |                   |
| Excess (deficit of) revenue over expenses     | \$( 228,686)      | \$ 101,355        |
| Items not affecting cash:                     |                   |                   |
| Amortization                                  | 11,485            | 8,004             |
| Unrealized gain on investments                | 104,701           | ( 118,687)        |
|   | <b>( 112,500)</b> | <b>( 9,328)</b>   |
| Changes in non-cash working capital items:    |                   |                   |
| Accounts receivable                           | 354               | ( 225)            |
| Rent receivable                               | -                 | 15,060            |
| Prepaid expenses                              | 756               | ( 82)             |
| Subsidy receivable                            | -                 | 3,400             |
| HST rebate receivable                         | ( 44,132)         | 1,575             |
| Accounts payable                              | 308,999           | ( 14,929)         |
| Deferred income                               | 2,514             | 907               |
|   | <b>268,491</b>    | <b>5,706</b>      |
| Cash flow from (used by) operating activities | <b>155,991</b>    | <b>( 3,622)</b>   |
| <b>INVESTING ACTIVITIES</b>                   |                   |                   |
| Building improvements                         | ( 52,486)         | -                 |
| Building construction in progress             | ( 410,934)        | -                 |
| Investments                                   | 254,845           | ( 867)            |
| Cash flow used by investing activities        | <b>( 208,575)</b> | <b>( 867)</b>     |
| <b>DECREASE IN CASH FLOW</b>                  | <b>( 52,584)</b>  | <b>( 4,489)</b>   |
| CASH - Beginning of year                      | 121,682           | 126,171           |
| <b>CASH - End of year</b>                     | <b>\$ 69,098</b>  | <b>\$ 121,682</b> |

See accompanying notes to financial statements.

# CHURCH OF ST. PETER AND ST. SIMON-THE-APOSTLE

## Notes to Financial Statements

December 31, 2022

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### DESCRIPTION OF OPERATIONS

The Church of St. Peter and St. Simon-The-Apostle ("church") is organized as a parish Church of the Incorporated Synod of the Diocese of Toronto (the "Diocese"), part of the Anglican Church of Canada. The church is a registered charity under the Income Tax Act (Canada), which is exempt from income taxes.

The church offers weekly worship services, ongoing community outreach and pastoral services to the community.

Effective October 31, 2016, the Diocese approved the combination of the operations of the Church of St. Simon-the-Apostle ("St. Simon's") with those of St. Peter's Anglican Church ("St. Peter's"). The operations of the two Churches were combined as of that date, and these financial statements reflect the activities of the combined church. The Diocese changed the name of the combined church to the Church of St. Peter and St. Simon-The-Apostle, and this name is reflected on the financial statements for the ensuing fiscal years after December 31, 2016.

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are 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 maintain 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.

#### Revenue recognition

The church follows the deferral method of accounting for contributions.

- i) Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- ii) Contributions received for restricted or designated purposes are recognized into revenue in the year when the related expense is incurred.
- iii) Contributions restricted for the purchase of capital assets are deferred and amortized into revenue as the related costs and capital amortization are recorded as expenditures.
- iv) Use of facilities and other income are recorded when services have been performed or goods have been delivered.
- v) Investment income is recognized as revenue on the accrual basis as earned.

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# CHURCH OF ST. PETER AND ST. SIMON-THE-APOSTLE

## Notes to Financial Statements

December 31, 2022

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

#### Donations-in-kind and pledges to donate

Recognition is given to donations-in-kind that are used in the normal course of business, when a reasonable estimate of value can be made. Donations-in-kind for fund raising purposes are not recognized.

#### Financial instruments

The church initially measures its financial assets and financial liabilities at fair value. The church subsequently measures all its financial assets and liabilities at amortized cost, except for its investments, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations, and transaction costs associated with the acquisition of these investments are recognized in the Statement of Operations in the period incurred. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument or shorter, dependent upon the expected period of cash flow.

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

The church's financial assets measured at fair value include its investments in the Diocese of Toronto Consolidated Trust Fund.

#### Capital assets

Capital assets are recorded at cost. Amortization of capital assets are provided at rates designed to write-off the capital assets over their estimated useful lives as follows:

|                       |          |                          |
|-----------------------|----------|--------------------------|
| Building improvements | 12 years | straight-line method     |
| Pipe organ            | 10%      | declining balance method |
| Signage               | 10%      | declining balance method |

#### Contributed services

Contributions of material and services are recognized as revenue at fair value at the date of contribution if fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased. Churchwardens, committee members and parish members volunteer their time to assist in the church's activities. While their services benefit the Church considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, any value of these contributed services are not recognized in these 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 amortization and accrued liabilities. Actual results could differ from these estimates.

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**CHURCH OF ST. PETER AND ST. SIMON-THE-APOSTLE**

**Notes to Financial Statements**

**December 31, 2022**

2. CAPITAL ASSETS

|                                   | Cost              | Accumulated<br>amortization | 2022<br>Net book<br>value | 2021<br>Net book<br>value |
|-----------------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Building construction in progress | \$ 410,934        | \$ -                        | \$ 410,934                | \$ -                      |
| Building improvements             | 97,120            | 13,208                      | 83,912                    | 39,055                    |
| Pipe organ                        | 46,321            | 30,948                      | 15,373                    | 17,082                    |
| Signage                           | 31,013            | 11,682                      | 19,331                    | 21,478                    |
| Land                              | 1                 | -                           | 1                         | 1                         |
|                                   | <b>\$ 585,389</b> | <b>55,838</b>               | <b>\$ 529,551</b>         | <b>\$ 77,616</b>          |

3. INVESTMENTS

The church's investments consists of:

|  | 2022              | 2021                |
|--|-------------------|---------------------|
| 62.10 units in the Unrestricted Fund held by The Incorporated Synod of the Diocese of Toronto, valued at \$253.7457 per unit.      | \$ 15,758         | \$ 116,970          |
| 253.7457 units in the Rectory Fund held by The Incorporated Synod of the Diocese of Toronto, valued at \$253.7457 per unit.        | 746,796           | 1,004,242           |
| 1 units in the Choir Restricted Fund held by The Incorporated Synod of the Diocese of Toronto, valued at \$253.7457 per unit.      | 254               | 279                 |
| 33.5 units in the Bequest Restricted Fund held by The Incorporated Synod of the Diocese of Toronto, valued at \$253.7457 per unit. | 8,500             | 9,362               |
|  | <b>\$ 771,308</b> | <b>\$ 1,130,853</b> |

During the year the church requested approval from the Diocese to withdraw the entire balance of such restricted funds from the sale of the rectory to renovate the basement of the church for use as a daycare and nursery. Such approval was granted on August 25, 2022, and as at December 31, 2022, \$165,000 has been withdrawn to fund ongoing construction (See Note 6). In consideration for the approval of the use of designated funds the church has signed a covenant to repay such amounts, including the remaining balance of the funds borrowed in 2014, on a monthly basis, without interest over thirty years, so as to replenish the designated fund in due course. Such monthly repayments from operational funds to the church's designated fund are due to commence in May, 2023 and conclude in 2053.

**CHURCH OF ST. PETER AND ST. SIMON-THE-APOSTLE**

**Notes to Financial Statements**

**December 31, 2022**

4. DEFERRED REVENUE

|                                      | <b>2022</b>      | <b>2021</b>      |
|--------------------------------------|------------------|------------------|
| Food bank                            | \$ 180           | \$ 155           |
| Altar Guild                          | 609              | 619              |
| Hospitality                          | 1,804            | 2,512            |
| Townsend Memorial Fund               | 558              | 598              |
| Vestment and Altar Guild             | 2,691            | 2,691            |
| Rector's Discretionary Fund          | 10,527           | 11,553           |
| Scott Memorial Fund                  | 9,971            | 9,971            |
| Choir Fund                           | 11,700           | 11,700           |
| After school program                 | 6,107            | 6,107            |
| Organ Restoration Fund               | 3,342            | 5,051            |
| Sanctuary Restoration Fund           | 16,923           | 16,923           |
| Deanery Restoration Fund             | 840              | 840              |
| Faith works (including Parish share) | 871              | 267              |
| Refugee Settlement Fund              | 2,592            | 4,192            |
| Miscellaneous special funds          | 5,977            | 80               |
| Faithworks                           | 30               | -                |
| Codrington College                   | 1,050            | -                |
|                                      | <b>\$ 75,772</b> | <b>\$ 73,259</b> |

5. FINANCIAL INSTRUMENTS RISK EXPOSURE

Liquidity risk

Liquidity risk is the the risk that the church will encounter difficulty in meeting its obligations associated with financial liabilities. Management has a comprehensive plan in place to manage its working capital mainly from cash flow from operations.

Interest rate risk

The church's cash and investments are exposed to interest rate risk. The church manages this risk by monitoring its cash position, and by spreading the maturity dates of its investments.

Credit risk

The church's cash and investments are exposed to credit risk. The church manages this risk by placing its cash and investments with high quality credit institutions. The investments held at the Investment Committee of Synod are not covered by the Canada Deposit and Insurance Corporation ("CDIC") and are subject to market risk.

# CHURCH OF ST. PETER AND ST. SIMON-THE-APOSTLE

## Notes to Financial Statements

December 31, 2022

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### 6. COMMITMENTS

The church is committed under a construction agreement in the aggregate amount of \$1,047,000 dated October 5, 2022 for the renovation and updating of the basement including major improvements to the electrical and mechanical infrastructure.

This construction is being undertaken pursuant to the church's obligation to prepare the space for a day nursery pursuant to a ten-year lease with Munchkin Manor Nursery and Daycare Limited which will operate in the renovated space. The lease provides for the rental of 3,872 square feet at an annual rent of \$167,500 (including common area costs) with a 10% step up in Year 6 of the lease and the charge back of designated common costs.

Included in accounts payable is \$287,690, which is comprised of \$263,729 plus HST thereon, and which has been paid subsequent to the year end. The remaining balance committed in respect of construction is approximately \$760,000 after such aggregate subsequent payments.

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### 7. CONTINGENCY

The church is a defendant in two sexual abuse lawsuits arising from the 1960s. No provision has been made in these financial statements for any potential liability relating to the litigation as the outcome is unknown. Any amount ultimately payable, net of insurance coverage, will be charged to the Statement of Operations in the year of payment of settlement. During the year, insurance cover was confirmed by the church's insurance carrier and a refund of past legal costs in the aggregate amount of \$33,769 was received and credited to legal fees expense.

On December 15, the church signed a sponsorship agreement with four other unrelated parties to sponsor an Afghan family of seven with respect to immigration into Canada. The sponsorship agreement is governed by federal legislative provisions, which provides inter alia, for joint and several liability on the part of the Sponsor Group for the costs of the sponsored refugees for their first year after arrival. To this end, a charitable trust has contributed \$86,400 as an estimate for such costs, and the church agreed to hold such funds in trust, with title retained by the donor, but to disburse same upon receipt of designated instructions from the Anglican United Refugee Association (AURA). The estimate may not be sufficient and as a deemed member of the Sponsor Group, the Church may be liable for further support costs.

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### 8. SUBSEQUENT EVENTS

Subsequent to the year end, the church was advised that it has been named as a 2/9th beneficiary of the residue (as defined in the will) of an estate left by a parishioner who died in December 2022. The church received a donation of approximately \$155,000 in the year 2023 which was used for renovation purposes.

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