

JAMES H. STINN

CPA, Prof. Corp.

SUITE 300 - 820 51ST STREET EAST
SASKATOON, SASKATCHEWAN S7K 0X8
PHONE (306) 955-9977 FAX (306) 978-8173
EMAIL jstinn@sasktel.net

ST. STEPHEN'S ANGLICAN CHURCH

FINANCIAL STATEMENTS

December 31, 2016

JAMES H. STINN

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INDEPENDENT AUDITOR'S REPORT

To the Members of St. Stephen's Anglican Church:

I have audited the accompanying financial statements of St. Stephen's Anglican Church which comprise the statement of financial position as at December 31, 2016 and the statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Organization's responsibility for the Financial Statements

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

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

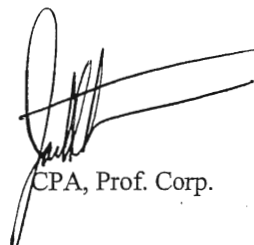
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of St. Stephen's Anglican Church as at December 31, 2016 and its financial performance for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan
March 3, 2017



CPA, Prof. Corp.

ST. STEPHEN'S ANGLICAN CHURCH

STATEMENT OF FINANCIAL POSITION

December 31, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash floats (Notes 2 and 3)	\$ 950	\$ 1,250
Bank accounts (Notes 2 and 3)	3,136	12,114
Receivable (Note 2 and 9)	349	615
Cookbook inventory	<u>441</u>	<u>1,000</u>
	4,876	14,979
Investments (Notes 2, 9 and 4)	39,952	34,058
Capital assets (Notes 2 and 5)	<u>254,709</u>	<u>254,709</u>
Total assets	<u>\$ 299,537</u>	<u>\$ 303,746</u>
LIABILITIES		
Current liabilities		
Payables (Note 2, 6 and 9)	\$ <u>4,163</u>	\$ <u>23,072</u>
FUND BALANCE		
Refugee fund	4,004	-
Capital fund	<u>2,041</u>	<u>-</u>
Total restricted funds	<u>6,045</u>	<u>-</u>
Invested in capital assets	254,709	254,709
General fund	<u>34,620</u>	<u>25,965</u>
Total unrestricted funds	<u>289,329</u>	<u>280,674</u>
Total fund balances	<u>295,374</u>	<u>280,674</u>
Total liabilities and fund balance	<u>\$ 299,537</u>	<u>\$ 303,746</u>

APPROVED ON BEHALF OF THE VESTRY

Vestry Member

Vestry Member

See accompanying notes

JAMES H. STINN, CPA, PROF.CORP.

ST. STEPHEN'S ANGLICAN CHURCH
STATEMENT OF RECEIPTS, EXPENDITURES AND FUND BALANCES
FOR THE YEAR ENDED December 31, 2016

	<u>General</u>	<u>Capital</u>	<u>2016</u>	<u>2015</u>
Receipts:				
Open offerings	\$ 6,397	\$ 796	\$ 7,193	\$ 6,234
Parish use offerings via envelopes	186,077	5,902	191,979	175,622
Bequest	-	-	-	10,000
Anglican Foundation	-	5,500	5,500	-
Other receipts	17,333	-	17,333	10,802
Income on investments	1,339	-	1,339	1,224
Outreach offerings	<u>290</u>	<u>-</u>	<u>290</u>	<u>9,465</u>
Total receipts	<u>211,436</u>	<u>12,198</u>	<u>223,634</u>	<u>213,347</u> 202543
Expenditures:				
Personnel (Note 7)	130,817	-	130,817	129,109
Fair share levy	35,986	-	35,986	34,944
Fair share levy on bequest	-	-	-	1,200
Outreach: Designated	290	-	290	9,465
Parish	1,212	-	1,212	910
Alpha program	1,482	-	1,482	-
Administration	11,062	-	11,062	9,547
Programs & worship	8,249	-	8,249	7,192
Property	<u>13,683</u>	<u>-</u>	<u>13,683</u>	<u>12,094</u>
Total expenditures	<u>202,781</u>	<u>-</u>	<u>202,781</u>	<u>204,461</u>
Surplus (Deficit) before capital purchases	8,655	12,198	20,853	8,886
Capital (Note 8)	<u>-</u>	<u>12,198</u>	<u>12,198</u>	<u>10,110</u>
Net change in fund balances	8,655	-	8,655	(1,224)
Fund balances, start of year	<u>25,965</u>	<u>254,709</u>	<u>280,674</u>	<u>281,898</u>
Fund balances, end of year	<u>\$ 34,620</u>	<u>\$ 254,709</u>	<u>\$ 289,329</u>	<u>\$ 280,674</u>

JAMES H. STINN, CPA, PROF.CORP.

See accompanying notes

ST. STEPHEN'S ANGLICAN CHURCH
STATEMENT OF CHANGES IN CASH FLOW
FOR THE YEAR ENDED December 31, 2016

	<u>2016</u>	<u>2015</u>
Operating Activities:		
Operations		
Change in net assets of operating fund - for the year	\$ 8,655	\$ (1,224)
Net change in non-cash working capital account		
Accounts receivable	266	319
Cook book inventory	559	1,154
Accounts payable	<u>(18,909)</u>	<u>8,891</u>
	<u>(9,429)</u>	<u>9,140</u>
Financing Activities		
Net change in long term investments	<u>(5,894)</u>	<u>(1,917)</u>
Increase (Decrease) in Cash	(9,278)	7,223
Cash, beginning of year	<u>13,364</u>	<u>6,141</u>
Cash, end of year (Note 3)	<u><u>\$ 4,086</u></u>	<u><u>\$ 13,364</u></u>

See accompanying notes

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ST. STEPHEN'S ANGLICAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

1. Purpose of organization

St. Stephen's Anglican Church is a legally constituted Parish which is part of the Anglican Church of Canada through the Diocese of Saskatoon. As a registered charity the Church is exempt, under section 149(1)(l) the Canadian Income Tax Act, from tax on its income and can issue official receipts for donations under the provisions of the Act.

2. Summary of significant accounting policies

The financial statements of the Church have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund Accounting

The accounts of the Organization are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

(i) Operating Fund

The operating fund accounts for the Organization's program delivery and administrative activities. This fund reports unrestricted resources.

(ii) Capital Fund

The capital fund reports the assets, liabilities and expenses related to the Organization's tangible capital assets. Any donations restricted for use in the purchase of capital assets are also reported in the fund.

Capital Assets

The amounts expended for small capital asset additions are recorded as an expenditure in the year in which they are made. Amortization is not calculated on the building.

Use of estimates

When preparing financial statements according to ASNPO, the Organization makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses;
- Reported amounts of assets and liabilities; and
- Disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the Organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets.

ST. STEPHEN'S ANGLICAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

2. Summary of significant accounting policies - continued

Revenue Recognition

Restricted contributions are recognized as receipts of the appropriate fund in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as receipts of the general fund when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured.

Financial instruments

Financial instruments, including cash, accounts receivable, investments, and accounts payable are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

3. CASH

Cash included in the cash flow statement comprise the following balance sheet amounts:

	<u>2016</u>	<u>2015</u>
Cash in bank	\$ 9,403	\$ 25,049
Cash on deposit	65	491
Cheques issued and outstanding	<u>(6,532)</u>	<u>(13,978)</u>
	2,936	11,562
Cash floats	950	1,250
Raymond James cash account	-	552
Undeposited funds	<u>200</u>	<u>-</u>
	<u>\$ 4,086</u>	<u>\$ 13,364</u>

4. Investments

	<u>Market Value</u>	<u>2016 Book Value</u>	<u>2015 Book Value</u>
Sentry Balanced Income	\$ 8,825	\$ 8,825	\$ 8,612
TD Corporate Bond Fund mutual funds	12,756	12,756	13,745
Manulife Strategic Income Fund	12,797	12,189	11,701
Pimco Monthly Income	<u>6,182</u>	<u>6,182</u>	<u>-</u>
	<u>\$ 40,560</u>	<u>\$ 39,952</u>	<u>\$ 34,058</u>

ST. STEPHEN'S ANGLICAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

5. Capital assets and insurance

	2016	2015
Land	\$ 886	\$ 886
Building	253,823	253,823
	\$ 254,709	\$ 254,709

Insurance coverage is carried on all church property for estimated replacement costs. Coverage throughout 2016 was \$1,145,969 on the building and all contents. Liability insurance is also carried covering for claims arising from personal injury occurring on the premises, Directors & Officers liability, sexual abuse, religious counselling, employee's and director's personal vehicles used while on church business, and comprehensive general liability.

6. Accounts Payable

	2016	2015
Diocese of Saskatoon	\$ 2,998	\$ 11,648
Outreach payable	-	245
Payroll deductions	-	1,270
Refugee fund	-	6,004
Roof appeal fund	-	2,730
Trade payables	1,165	1,175
	\$ 4,163	\$ 23,072

7. Personnel

	2016	2015
Priest's stipend	\$ 45,165	\$ 45,165
Benefits on priest's compensation	12,568	13,514
Priest's housing allowance	18,054	18,054
Children/Youth Ministry Director	8,144	5,390
Church officer and janitor	6,699	6,564
Employee benefits (EI, CPP and workers' compensation)	5,093	5,866
Guests and relief clergy	225	250
Organist salary	10,164	9,480
Office Administrator	24,705	24,696
Staff training and workshops	-	130
	\$ 130,817	\$ 129,109

8. Capital expenditures

	2016	2015
Replacement of access ramp	\$ -	\$ 7,380
Replacement of roof	9,226	2,730
Replacement of windows	2,972	-
	\$ 12,198	\$ 10,110

ST. STEPHEN'S ANGLICAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

9. Financial instruments and risk management

The Church, as part of its operations, carries a number of financial instruments. It is the vestry's opinion that the Church is not exposed to significant interest or credit risk arising from these financial instruments except as otherwise disclosed.

Risk management policy

The Vestry observes an informal risk management policy by maintaining the majority of the Church's equity in liquid assets.

Fair value disclosure

The carrying amount of cash, accounts receivable and accounts payable approximates their fair value due to the short-term maturities of these items

Liquidity risk

Liquidity risk is the risk that the Church will encounter difficulty in meeting obligations associated with financial liabilities. The Church enters into transactions to purchase goods and services on credit, borrow funds from creditors, etc. for which repayment is required at various maturity dates. Liquidity is measured by reviewing the Church's future net cash flows for the possibility of a negative cash flow. The Church manages the liquidity risk resulting from its accounts payable by investing in liquid assets.

Credit risk

Financial instruments that potentially subject the Church to concentrations of credit risk consist of accounts receivable. The maximum credit risk exposure is \$349 (2015 - \$615). The Church believes that there is minimal risk associated with the collection of these amounts as it performs regular credit assessments and provides allowances for potentially uncorrectable accounts.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Church manages exposure through investing in low-risk securities instruments.