

CHURCH OF THE REDEEMER

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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FINANCIAL STATEMENTS
DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of the
Church of the Redeemer

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Church of the Redeemer, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, statement of changes in net assets 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 possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Church of the Redeemer as at December 31, 2018, 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 significant revenue from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Church. Therefore we were not able to determine whether any adjustments might be necessary to operating revenue, excess of revenues over expenses and cashflows for the years ended December 31, 2018 and December 31, 2017, current assets as at December 31, 2018 and December 31, 2017, and net assets balances at the beginning and the end of the years ended December 31, 2018 and December 31, 2017. Our audit opinion on the financial statements for the period ended December 31, 2018 and December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

INDEPENDENT AUDITORS' REPORT (Continued)

Note 1 describes the Church's accounting policy with respect to equipment. It indicates that the Church expenses capital improvements and purchases of equipment in the year of acquisition. Canadian accounting standards for not-for-profit organizations require that equipment and improvements be recorded at cost when acquired and amortization be recognized for assets with limited useful lives as an expense over the useful lives of the assets. Equipment includes furniture and fixtures and equipment. The effects of this departure from Canadian accounting standards for not-for-profit organizations on the unaudited financial statements have not been determined for the year ended December 31, 2018 and December 31, 2017.

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 Church of the Redeemer 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 Information

Management is responsible for the other information. The other information comprises the summarized financial statements in the Church's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (Continued)

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 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 going concern and using the going concern basis of accounting unless management either intends to liquidate the Church's 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 judgment and maintain professional skepticism throughout the audit. We also:

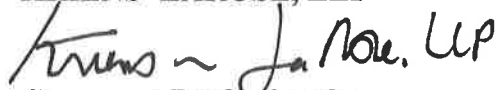
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

INDEPENDENT AUDITORS' REPORT (Continued)

- 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.

KRIENS~LAROSE, LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
February 11, 2019

CHURCH OF THE REDEEMER
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

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	General Fund 2018 \$	Capital Accumulation Fund 2018 \$	Maintenance Reserve Fund 2018 \$	Refugee Settlement Committee Fund 2018 \$	Total 2018 \$	Total 2017 \$
ASSETS						
CURRENT						
Cash	112,065	74,277	14,372	72,292	273,006	292,373
Accounts receivable	23,018	-	-	-	23,018	36,853
Prepaid expenses	2,105	-	-	-	2,105	18,431
HST recoverable	8,336	-	-	-	8,336	24,272
Government remittances recoverable	517	-	-	-	517	-
Due from capital accumulation fund (Note 5)	60,424	-	-	-	60,424	-
Due from general fund (Note 5)	-	-	-	-	-	131,065
	206,465	74,277	14,372	72,292	367,406	502,994
INVESTMENTS (Note 2)						
Rectory fund	583,816	-	-	-	583,816	628,824
Church controlled investment fund	942,691	-	-	-	942,691	998,794
	1,526,507	-	-	-	1,526,507	1,627,618
Church property (Note 1)	1	-	-	-	1	1
	1,732,973	74,277	14,372	72,292	1,893,914	2,130,613

APPROVED ON BEHALF OF THE BOARD:

 Chairperson

Feb. 14, 2019

 Treasurer

CHURCH OF THE REDEEMER
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

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	General Fund 2018 \$	Capital Accumulation Fund 2018 \$	Maintenance Reserve Fund 2018 \$	Refugee Settlement Committee Fund 2018 \$	Total 2018 \$	Total 2017 \$
LIABILITIES						
CURRENT						
Accounts payable	77,701	-	-	-	77,701	150,249
Government remittances payable	-	-	-	-	-	7,081
Current assessment (Note 3)	134,657	-	-	-	134,657	133,787
Deferred revenue	15,920	-	-	-	15,920	41,264
Due to capital accumulation fund (Note 5)	-	-	-	-	-	131,065
Due to general fund (Note 5)	-	60,424	-	-	60,424	-
	228,278	60,424	-	-	288,702	463,446
Deferred assessment (Note 3)	353,160	-	-	-	353,160	354,030
	581,438	60,424	-	-	641,862	817,476
NET ASSETS						
Total net assets	1,151,535	13,853	14,372	72,292	1,252,052	1,313,137
	1,732,973	74,277	14,372	72,292	1,893,914	2,130,613

CHURCH OF THE REDEEMER
STATEMENT OF OPERATIONS - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

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	2018 Actual \$	2018 Budget \$ (Note 7)	2017 Actual \$
REVENUES (Schedule)			
Donations and space rental	1,220,973	1,168,093	1,218,981
Investment income	(26,358)	23,000	162,845
Subsidies	6,800	6,800	6,800
	1,201,415	1,197,893	1,388,626
EXPENSES (Schedule)			
Personnel	724,926	687,763	608,515
Diocesan assessment (Note 3)	133,957	133,787	153,758
Property	132,882	130,000	113,271
General office	132,036	105,459	101,945
Church program	76,589	80,350	62,620
Drop-in program	48,086	48,329	47,159
FaithWorks (Note 6)	35,764	38,750	31,622
	1,284,240	1,224,438	1,118,890
(Deficiency) excess of revenues over expenses from operations	(82,825)	(26,545)	269,736

**STATEMENT OF OPERATIONS - RESTRICTED FUND -
CAPITAL ACCUMULATION FUND**
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	\$	\$
REVENUES		
Step into the future donations	15,720	59,592
Interest income	1	32
	15,721	59,624
EXPENSES		
Bank and investment fees	176	194
Step into the future	-	260,686
Our faith our hope campaign	-	50,000
	176	310,880
Excess (deficiency) of revenues over expenses for the year	15,545	(251,256)

CHURCH OF THE REDEEMER
**STATEMENT OF OPERATIONS - RESTRICTED FUND -
MAINTENANCE RESERVE FUND**
FOR THE YEAR ENDED DECEMBER 31, 2018

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	2018	2017
	\$	\$
REVENUES		
Donations	300	38,150
EXPENSES		
Repairs and improvements	18,005	34,480
(Deficiency) excess of revenues over expenses for the year	(17,705)	3,670

**STATEMENT OF OPERATIONS - RESTRICTED FUND -
REFUGEE SETTLEMENT COMMITTEE FUND**
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	\$	\$
REVENUES		
Donations	23,950	17,390
EXPENSES		
Settlement support	50	36,810
Excess (deficiency) of revenues over expenses for the year	23,900	(19,420)

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Actual \$	2018 Budget \$ (Note 7)	2017 Actual \$
UNDESIGNATED DONATIONS			
Envelopes	717,735	800,000	744,165
Bequests	151,619	-	153,396
Grants (Note 10)	-	-	14,000
	869,354	800,000	911,561
DESIGNATED DONATIONS			
Drop-in program	132,843	115,000	103,870
Other	125,832	133,800	95,653
FaithWorks (Note 6)	31,482	40,000	28,604
Grants (Note 10)	6,693	13,843	20,807
	296,850	302,643	248,934
Space rental/weddings	54,769	65,450	58,486
	1,220,973	1,168,093	1,218,981
SUBSIDIES			
Diocesan subsidies	6,800	6,800	6,800
INVESTMENT INCOME			
Capital gain on redemption	38,881	-	-
Diocesan Consolidated Trust fund	24,753	23,000	24,175
Unrealized (loss) gain on investments (Note 8)	(89,992)	-	138,670
	(26,358)	23,000	162,845

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Actual \$	2018 Budget \$ (Note 7)	2017 Actual \$
PERSONNEL			
Support staff	328,932	254,597	217,204
Clergy	212,773	236,026	198,839
Musicians	170,521	182,140	174,791
Honoraria	12,700	15,000	17,681
	724,926	687,763	608,515
PROPERTY			
Church Utilities	44,101	51,100	51,119
Major repairs	26,043	20,000	2,000
Maintenance and supplies	25,151	17,000	18,521
Insurance	20,949	21,000	20,111
Contracts	16,563	20,000	19,524
Parking	75	900	1,996
	132,882	130,000	113,271

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Actual \$	2018 Budget \$ (Note 7)	2017 Actual \$
CHURCH PROGRAM			
Worship and spirituality	26,368	16,000	12,238
Adult learning	11,051	12,550	7,944
Outreach	9,479	8,500	10,483
Hospitality	8,332	10,000	13,202
Youth Ministry	6,412	9,500	7,468
Church school	5,083	6,400	2,694
Stewardship Committee	2,524	4,000	3,179
Advertising/profile	2,071	5,200	776
Board of management	1,425	-	543
Synod	973	1,000	936
Music	864	2,000	1,072
Pastoral care	711	2,000	1,061
Redeemer rainbow	600	600	600
Advisory Board	529	500	213
Newcomers	167	1,600	211
White gifts	-	500	-
	76,589	80,350	62,620

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Actual \$	2018 Budget \$ (Note 7)	2017 Actual \$
DROP-IN PROGRAM			
Drop-in resource worker	20,447	12,129	12,227
Supplies, coffee, miscellaneous	12,118	9,200	7,909
Food	11,876	14,000	16,712
Nurses supplies	2,364	3,000	1,727
Volunteer training & appreciation	811	4,000	1,909
Security	470	6,000	1,530
Community education	-	-	5,145
	48,086	48,329	47,159
GENERAL			
Office expenses	70,488	61,616	69,998
Digital expansion project (Note 10)	38,274	28,843	20,807
Legal and accounting	8,569	10,000	11,098
Clergy	7,202	5,000	42
Bad debts	7,503	-	-
	132,036	105,459	101,945

CHURCH OF THE REDEEMER
STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2018

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	General Fund 2018 \$	Capital Accumulation Fund 2018 \$	Maintenance Reserve Fund 2018 \$	Refugee Settlement Committee Fund 2018 \$	Total 2018 \$	Total 2017 \$
Balance, beginning of year	1,234,360	(1,692)	32,077	48,392	1,313,137	1,310,407
Excess (deficiency) of revenues over expenses for the year	(82,825)	15,545	(17,705)	23,900	(61,085)	2,730
Balance, end of year	1,151,535	13,853	14,372	72,292	1,252,052	1,313,137
Restricted funds	30,181	13,853	14,372	72,292	130,698	119,777
Unrestricted funds	1,121,354	-	-	-	1,121,354	1,193,360
	1,151,535	13,853	14,372	72,292	1,252,052	1,313,137

CHURCH OF THE REDEEMER
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2018

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	General Fund 2018 \$	Capital Accumulation 2018 \$	Total 2018 \$	Total 2017 \$
CASH FROM OPERATING ACTIVITIES				
Contributions received:				
Envelopes	706,225	-	706,225	803,136
Other	125,832	-	125,832	95,653
Drop-in program	132,843	-	132,843	103,870
Space use/weddings	54,769	-	54,769	58,486
Bequests	151,619	-	151,619	153,396
Diocesan subsidies	6,800	-	6,800	6,800
Maintenance	300	-	300	38,150
Grants	6,693	-	6,693	34,807
Refugees	23,950	-	23,950	17,390
Faithworks	31,482	-	31,482	28,604
Building project	-	10,116	10,116	59,592
	1,240,513	10,116	1,250,629	1,399,884
Cash paid for:				
Suppliers and employees	(1,128,900)	(81,878)	(1,210,778)	(1,491,316)
Diocese	(133,957)	-	(133,957)	(153,758)
	(1,262,857)	(81,878)	(1,344,735)	(1,645,074)
Interest and other income	74,738	1	74,739	24,207
Net change in cash	52,394	(71,761)	(19,367)	(220,983)
Interfund transfers (Note 5)	(191,488)	191,488	-	-
Cash, beginning of year	337,823	(45,450)	292,373	513,356
Cash, end of year	198,729	74,277	273,006	292,373

PURPOSE OF THE ORGANIZATION

The Church of the Redeemer (the Church) is established and operates under the Constitution and Canons of the Incorporated Synod of the Diocese of Toronto. The Church is registered as a charitable organization under the Income Tax Act and as such, is exempt from the payment of income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

Financial Instruments

The Church initially measures its financial assets and liabilities at fair value. The Church subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payables

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and fixed income investments with maturities of less than 90 days.

Prepaid Expenses

Prepaid expenses are recorded for goods and services to be received in the next fiscal year, which were paid for in the current fiscal year.

Fund Accounting

The Church follows the restricted fund method of accounting.

The General fund accounts for the Church's religious operations, program delivery, and administrative activities. This fund reports resources for general operations.

The Capital Accumulation Fund accounts for the assets, liabilities, revenues and expenses related to any future development of the Church.

The Maintenance Reserve Fund accounts for the assets, liabilities, revenues and expenses related to the maintenance of the Church.

The Refugee Settlement Committee Fund accounts for the assets, liabilities, revenues and expenses related to assistance provided for refugees.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

During the year voluntary services were provided. Because these services are not normally purchased by the Church, and because of the difficulty in determining their fair value, donated services are not recognized in these statements.

Revenue Recognition

Donations

Donations are recognized in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted donations are recognized as revenue of the capital accumulation fund, maintenance reserve fund and refugee settlement committee fund.

Unrestricted donations are recognized as revenue of the General fund.

Rentals

Rentals of the Church's facilities are recognized as revenue of the General fund when earned.

Diocesan Consolidated Trust Fund

Unrestricted investment income of the Diocesan consolidated trust fund is recognized as revenue of the General fund.

Investment income

Investment income is recognized on the accrual basis in accordance with applicable terms of the investments.

Any unrealized gain or loss on investments, which is the difference between the investment book value and fair value of the investments is included in the Statement of Operations - General Fund. Transaction costs are expensed as incurred.

Equipment and Property

Equipment and property including capital improvements, furniture and equipment are expensed in the year of acquisition. The Church of the Redeemer is an incorporated parish of the Diocese of Toronto within the Anglican Church of Canada. All real property, regardless of how the title reads, is held in trust for the Synod of the Diocese of Toronto. Improvements to the Church are recorded as expense in the year they are acquired. The Church building at 162 Bloor Street West has been recorded in the accounts at a nominal value of \$1.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

2. INVESTMENTS

Church Controlled Investment Fund

The Church-controlled investment fund currently consists of 1,558 units (2017 - 1,639 units) in Fiera Capital Ltd's Balanced Endowment Foundation Trust (EFT) Fund. In 2018, the Church sold 81 units and realized a capital gain of \$38,881 on redemption. There were no investment sales in the 2017 fiscal year.

On May 1, 1993 12,152 EFT units were purchased at a unit value of \$101.85 for a market value of \$1,237,739. These units were purchased with proceeds from the sale of all units held in Fiera's Balanced section of the pooled fund. The total gain realized on the sale of these units amounted to \$568,473. Through an agreement with the diocese 62.7% of this gain or \$356,389 was included as a deferred investment gain in the Church's General Fund and is transferred to the General Fund's unrestricted balance over time as EFT units are redeemed.

During the period May 1, 1993 to December 31, 2018 10,594 EFT units have been redeemed. The Church's 1993 deferred gain on the sale of these units is \$320,390. This leaves \$33,635 (2017 - \$35,999) in the Church's General Fund to be transferred to the General Fund's unrestricted balance as future EFT units are redeemed.

The book value of the investments as at December 31, 2018 is \$177,680 (2017: \$182,173).

Rectory Fund

The rectory at 225 Glenview Avenue was sold in the 2001 year for \$505,225. As required by Diocesan regulation the net proceeds of \$476,592, after payment of legal fees and real estate commission, were deposited with the Diocese and are invested with the Diocesan Consolidated Trust Fund (D.C.T.F).

The Investment as at December 31, 2018 consists of 2,628 (2017 - 2,628) D.C.T.F units in a fund managed by Mercer Global Investments; Foyston Gordon & Payne and Letko Brosseau. The book value of the investment at December 31, 2018 is \$490,882 (2017 - \$490,882).

Continued...

2. INVESTMENTS (Continued)

The Church's investment policy is:

(a) Safety of Capital

The funds shall be conservatively invested to protect the capital against undue financial and market risk.

(b) Adequate Income

The funds shall be invested so as to generate adequate income for the operation of the Church.

(c) Corporate Responsibility

To the extent that is practical, the Board of Management shall ensure that the funds are invested in companies that are socially responsible.

3. DEFERRED DIOCESAN ASSESSMENT

The total deferred assessment owing is \$353,160 (2017 - \$354,030). Deferred assessment includes provisions for unpaid assessment on church income and unpaid assessment on the 1993 gain as outlined in note 2.

Through an agreement with the diocese 37.3% of the gain realized in 1993 or \$212,075 was deemed a deferred assessment on the gain. The deferred assessment is recognized as EFT units are redeemed and paid to the diocese if money is used to fund church operations. No units were redeemed in 2017, 2016, 2015, 2014, 2013 and 2012, while in 2011 174 units were redeemed to fund operations. The amount of the 1993 deferred assessment associated with the sale of these units in 2011 was \$3,087. The amount of the 1993 deferred assessment associated with the sale of these units in 2018 is \$1,449.

During the period May 1, 1993 to December 31, 2018 10,594 EFT units have been redeemed and the amount of the 1993 deferred assessment associated with the sale of these units is \$183,218 (2017 - \$181,769). Thus leaving \$28,857 (2017 - \$30,306) owing to be paid as EFT units are redeemed. The diocesan assessment expense in the year represents the estimated assessment based on the statement of operations for the year.

4. LINE OF CREDIT

The Church has a revolving line of credit facility from the CIBC of \$40,000. The credit is available at prime rate and is secured by a general security agreement covering all present and after acquired personal property of the Church. On December 31, 2018, the line of credit was nil.

5. INTERFUND TRANSFERS

The interfund transfers represents funds transferred between the funds during the year as approved by the Board of Management.

6. BUDGET

The budgeted figures as presented for comparative purposes are unaudited and are those approved by the congregation at the Vestry meeting.

The budget figures for FaithWorks represents the Church's annual commitment to the FaithWorks program.

7. CITY OF TORONTO FUNDING

The Church entered into a contract with the City of Toronto in January, 2013 to participate in a social assistance program for the purpose of increasing the social capital capacity of local neighbourhoods as well as the employability and skill level of recipients of social assistance. The program reimburses employment costs of the Church for qualified employees. The Church received \$72,675 of assistance related to the 2018 fiscal year during 2018. The Church has a receivable balance as at December 31, 2018 of \$8,316 (2017 - \$36,514)

8. UNREALIZED (LOSS) GAIN ON INVESTMENTS

The unrealized (loss) gain on investments is the total change in the market value of the Rectory fund investment and the Church controlled investment from December 31, 2017 to December 31, 2018.

Continued...

9. COMMITMENTS

Lease Commitment

The Church entered into a lease for a printer in the 2016 fiscal year, which expires on June 27, 2022. The lease has been accounted for as an operating lease. Future obligations due approximate \$25,921 and include the following annual payments.

	\$
2019	7,406
2020	7,406
2021	7,406
2022	3,703

25,921

Historic Preservation Construction Contract

The Church entered into a contract during the 2016 fiscal year for the replacement of the front steps and associated works for the Step Into The Future Building Program. The Church had a remaining obligation under this agreement of \$87,307 as at December 31, 2017. In fiscal year 2018, realized expenditures were \$81,148, thus the difference of \$6,159 was recognized as revenue.

10. GRANTS

The Church entered an agreement dated June 2, 2017 for a "Communicating in a Wireless World" grant in the amount of \$27,500 from the Incorporated Synod of the Diocese of Toronto. The grant is to assist in renewing and expanding digital capabilities. In fiscal year 2017, \$20,807 of the funds were used for digital expansion and the remaining amount of \$6,693 was used in the current fiscal year.

The Church entered an agreement dated September 13, 2017 for the Youth Apprenticeship Program in the amount of \$7,150 from the Incorporated Synod of the Diocese of Toronto. The grant is to be used for wages paid to the Youth Ministry Apprentice. In fiscal year 2017, \$2,123 of the funds have been used. In the current fiscal year \$4,955 of the fund were used of which \$74 remains deferred. The agreement was renewed on November 1, 2018 for an amount of \$6,700. In the current fiscal year, \$2,245 of the funds were used of which \$4,455 remains deferred.

Continued...

10. GRANTS (Continued)

The Church entered into an agreement dated June 15, 2017 for a Ministry Development Grant in the amount of \$15,000 from the Incorporated Synod of the Diocese of Toronto. The grant is to be used for wages paid to the Pastoral Associate. In fiscal year 2017, \$9,456 of the funds have been used and \$5,544 remains deferred. In fiscal year 2018, an additional \$5,000 was received. The Church used \$10,544 of the funds in the fiscal year.

As at December 31, 2018, \$6,693 in designated grants have been recognized as revenue. The remaining \$17,744 has been netted against the appropriate payroll accounts.

11. FINANCIAL INSTRUMENTS

The Church is exposed to various risks through its financial instruments. The following presents the Church's risk exposure and concentration at December 31, 2018

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Church's credit risk would occur with their accounts receivable. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$7,503 (2017: \$0).

Liquidity Risk

Liquidity risk is the risk the Church will encounter difficulties in meeting obligations associated with financial liabilities. The Church is exposed to this risk mainly in respect of its accounts payable. The Church expects to meet these obligations as they come due by generating sufficient cash flow from operations, and from unrestricted net assets. There has been no change in the risk assessment from the prior period.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk.

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 has a moderate interest rate risk.

11. FINANCIAL INSTRUMENTS (Continued)

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Church is not exposed to foreign currency risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Church is not exposed to other price risk.