



Church of the Redeemer
Financial Vestry Reports
February, 2020

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Treasurer's Report

Review of 2019 Revenue and Expenses

Parishioners donated \$855,595 (2018 - \$710,347). Open plate donations were \$26,501 (2018 - \$20,827). We also received a bequest (\$11,965).

Donations received and designated for FaithWorks totaled \$26,204 (2018 - \$31,482). However, we have committed to donate 5% of regular givings to the FaithWorks program or \$34,103 (2018- \$35,764). As allowed by the Diocese we held back 15% of our donation or \$5,115 to fund our Common Table program. The final amount sent to the Faithworks program is \$28,987 where the difference between donations received and amount sent is covered by general donations.

Designated donations were made for Common Table (\$175,220), music (\$30,600), flowers (\$2,427) and other special purposes (\$25,461).

The church received non-receiptable donations in the amount \$74,365 for use of our space by outside groups and for \$2,024 in weddings donations. Each year we receive a York Rectory subsidy in the amount of \$6,800. Income from the "Rectory Fund" invested in the Diocesan Consolidated Trust Fund (DCTF) totaled \$25,621 (2018 - \$24,753) (see Report on Church Investments).

Grants were received to cover the cost of various staff positions (\$124,542): 1) Diocese grant to cover the cost of assistant curate position (\$30,000); 2) funding from the City of Toronto to cover the cost of four Investing in Neighborhoods (IIN) positions (\$90,015); and 3) Diocese grant to fund a Youth Apprenticeship position (\$4,527).

In 2019 we budgeted for an operating deficit; that is, we expected donations and other income would not be sufficient to fully cover church's expenses. The forecast operating deficit in the 2019 budget was \$115,000 versus an actual deficit of \$42,351.

Some expense highlights for 2019 are as follows (see reports elsewhere in this Vestry Report for additional information):

- The total expenses in 2019 were \$1,429,676 or about \$119,000¹ per month. The total expenses incurred in 2019 was \$17,962 lower than the budget amount that was approved by Vestry in February 2019.
- Personnel costs were lower than budget due primarily to lower than expected costs for clergy.
- Property expenses in 2019 came in close to budget. Maintenance, supplies and contract costs were above budget. These higher costs were offset by lower than expected costs in other areas. In 2019 major repairs to the church cost \$22,666 and included new LED spotlights, a seepage diverting dam in the boiler room, a city-mandated backflow preventer on our water supply and the cleaning of eaves troughs. Our east and west outside doors were re-built.
- Church program expenditures totalled \$57,539 or about 76% of the approved budget. Hospitality was over-budget by about \$5K due to celebrations for the induction of our new incumbent and ordination of our curate. In addition, there were unexpected staff departures and arrivals which lead to celebrations and/or recognition gifts. Most other areas were underspent, and the following areas had significant under-expenditures: advertising, church school/youth/young adults, and pastoral care. Note that the church program expenditures only cover the cost of materials and supplies for the various program areas and does not include the cost of staff that support the programs.

¹ This figure is provided only to illustrate of the amount of cash required to operate the church on an average monthly basis. Actual level of expenditures varies from month to month. Where possible major expenditures are deferred towards the end of the year when revenues are generally higher.

- Common Table costs for food, supplies, staff training and recognition, and nursing supplies totalled \$36,991, which is below the budget allocated for this program. This total cost excludes significant costs for personnel and the church building supporting this program, which are accounted for elsewhere in the budget.
- General office expenses totalled \$99,337 in 2019 and came in over budget. The main factor leading to the over-expenditure was unbudgeted moving costs for our new incumbent which were captured under clergy expenses (\$13.5K where \$11.4K was for moving expenses). The general office expense category includes accounting fees for our annual audit (\$9.1K). Other office expenses totaled \$76.6K and were generally within or close to budget. The other office expenditures were for telecommunications (\$16.5K), bank and donation service charges (\$15.7K), computer equipment (\$13.9K), photocopying (\$12K), office supplies (\$10.5K), investment management fees (\$7.1K), and staff development (\$0.8K).
- Our Diocesan Assessment is \$134,658 in 2020 or about 10% of all church expenditures. The assessment is paid monthly.

New Payment Systems Implemented in 2019

Over the past year a concerted effort has been made to reduce the number of payments that are made by cheque. Where possible processes have been put into place to allow electronic transfer of funds (ETF) to staff and vendors. ETF is more convenient for both Redeemer and the recipients of the funds. ETF is less expensive method of disbursing funds and leads to net savings to Redeemer. In all cases, where ETF of funds has been implemented, appropriate financial controls are in place.

In April 2019 Church of the Redeemer retained services of ADP to process our bi-weekly pay to lay staff. ADP collects wage and hour information from Redeemer and uses that information to calculate gross wages, subtract all pertinent withholdings and deductions, make direct deposits and prepare all employment tax filings. ADP also issues T4 slips to the lay salaried staff.

In September we retained the services of Telpay to help us make electronic payments to staff, parishioners, contractors and vendors. By using Telpay we have reduced our paper cheque signing. It has led to a reduction in banking fees and an overall reduction in the cost of making payments. As per our financial procedures, Telpay has been set up so that two signing authorities must approve any transaction before a payment can be processed. Signing authorities receive an email request from the bookkeeper to approve payments and to review associated documents (e.g. receipts and invoices) online. After approval, payment is made by direct deposit into the bank accounts of staff and parishioners (to reimburse expenses), and the bank accounts of contractors and vendors.

Where appropriate we have made arrangements to pay recurring bills by Preauthorized Debit (PAD). For example, our phone bill, electrical bill, payments for lay pensions and health benefits, and our credit card bill are made of by PAD. In addition to being more convenient, we have greatly reduced the risk of missed payments.

Financial Management

In 2019 it was decided to assign donation management responsibilities to the Administrative Coordinator. In the past the part-time bookkeeper had the responsibility for maintaining our donations database (Power Church) and issuing tax receipts. The donations management workload has increased to the point where it was deemed necessary to reassign this work to another staff position. The part-time bookkeeper is now focused the on the payroll and payment of church expenses. Servant Keeper is our new donations management database.

Overview of Proposed 2020 Budget

The proposed budget for 2020 has expenses totaling \$1,589,595 which is about 10% higher than the 2019 budget approved at last Vestry and 12% higher than actual expenses in 2019. This increase is caused, in large part, by an increase in personnel costs.

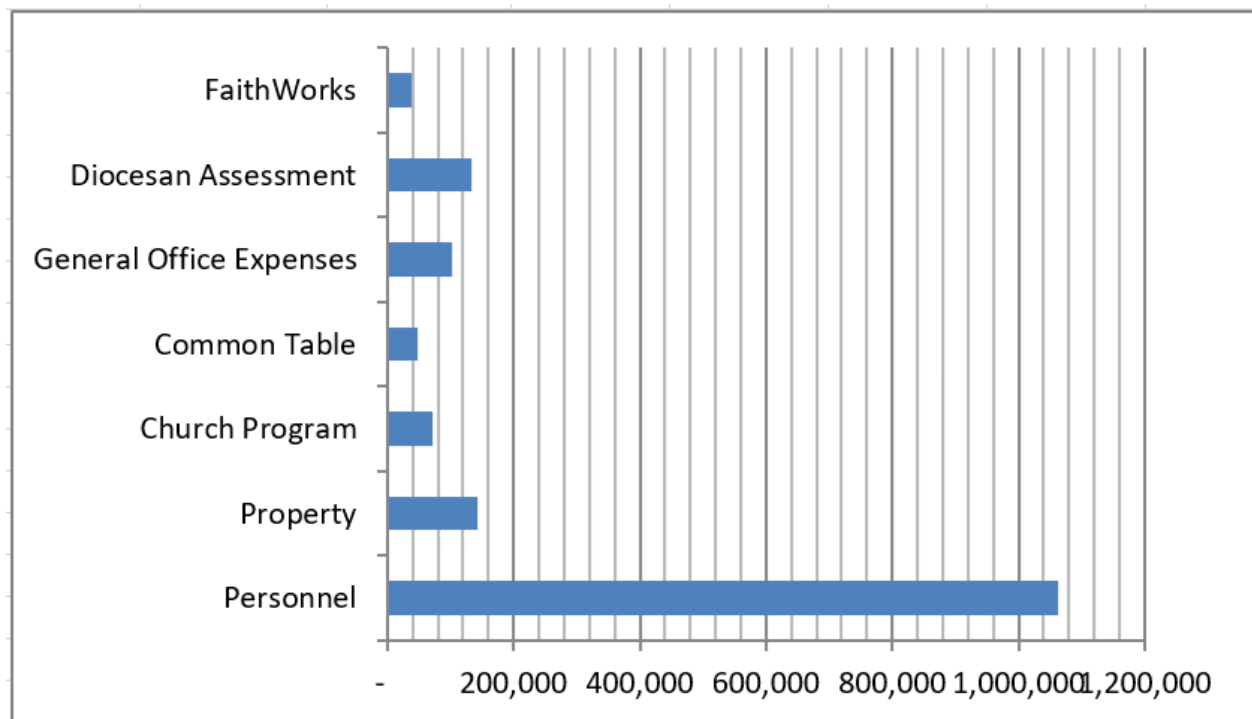


Figure 1: Major Expenses in 2020

The revenue target for 2020 is \$1,447,752 which is 4% higher than actual revenue received in 2019. We hope to receive donations totaling \$1,279,952. The balance of revenue will come from space rentals, a subsidy, investment income, and grants which will total \$167,800.

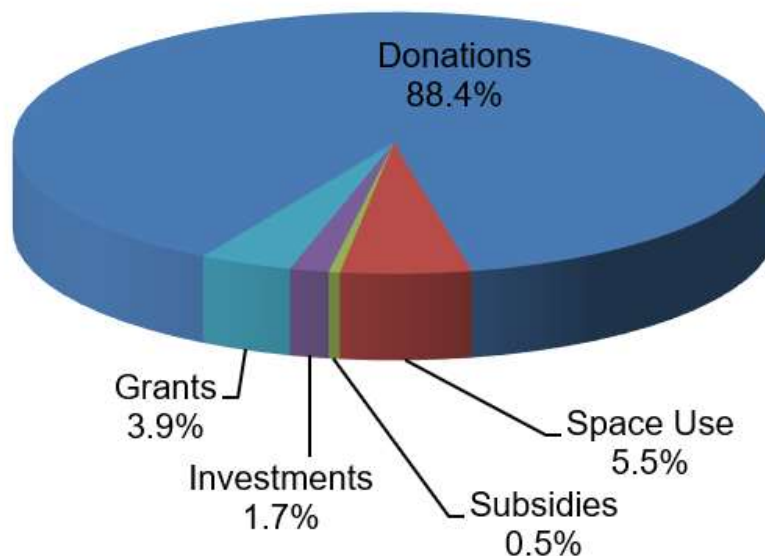


Figure 2: Major Sources of 2020 Revenue

If both revenue and expense budget amounts are met by the end of 2020, then there will be a deficit of \$150,843. However, if total revenues are greater than the budget amount and total expenses are less than the estimated amount in our budget, then the deficit will be smaller. With Board of Management

approval and only if necessary because there is insufficient cash, funds will be withdrawn from our church-controlled investment fund to address any deficit.

Process for Setting Proposed 2020 Budget

The budget setting process started in late October 2019 with requests for budget proposals. These proposals were evaluated, adjusted, ranked and inserted into the various categories of our budget at a series of meetings held in late 2019 and early 2020. The Finance Committee took responsibility for assembling the budget. The proposed budget was reviewed at the joint meeting of the Executive Committee and Finance Committee on 8 January 2020, and the budget was eventually brought to the Board of Management on 21 January 2020 for their approval to take to the annual Vestry meeting. The congregation's approval to implement the 2020 Budget will be sought by a majority vote at the annual Vestry meeting on 23 February 2020.

Personnel Expenses

Personnel costs are projected to be \$1,062,799 in 2020 versus actual costs of \$929,182 in 2019. Some personnel costs are offset by Investing In Neighbourhoods (IIN) grant from the City of Toronto (2020 - \$47,000; 2019 - \$90,015), Curacy grant from the Diocese (2020 - \$10,000; 2019 - \$30,000). In 2019 we received a Youth Apprenticeship grant (\$4,527). Thus, the total net projected personnel cost in 2020 will be \$1,005,799 versus \$804,640 in 2019. In other words, there will be a net increase in personnel costs of \$201,159.

Table 1 presents the number of staff by category that we expect to employ when we are fully staffed around mid-2020. The following explains the key factors leading to the increase in personnel costs:

Table 1: Number of Staff by Category in 2020 Budget

Staff Category	Number of Staff
Clergy	3
Scholar-in Residence	1
Music Leadership Team	4
Musicians	~12
Salaried Support Staff	8
Hourly Support Staff	5
Investing In Neighbourhood Staff	3 (going to 1)

Common Table and IIN Program Changes: The biggest challenge for 2020 arises from significant changes made by the City of Toronto to its Investing in Neighbourhoods ("IIN") program. For many years now we have been insulated from the true cost of the personnel that we require to operate the Common Table, because we have had the benefit of employing staff through the IIN program. IIN staff are paid by us, but we are compensated for that cost on a dollar-for-dollar basis by the City. In recent years we have been allowed to employ as many as four IIN staff at a time, and we have taken advantage of that opportunity to support Church programming and, in particular, the Common Table. Once the debits and credits for IIN staff have been entered into the books each year, the result has been that the Church has not borne any expense for the services provided by the IIN-funded staff members.

At the outset of 2019 we had four IIN positions. Around mid-summer the City abruptly changed the IIN program. An employer is now only entitled to hire one IIN position at a time. We were permitted to continue employing the four individuals who were working in an IIN position (or who had already been hired to fill a spot) when the

program change was announced. However, we cannot hire another IIN person to replace that individual when their one-year term ends.

At least three individuals are required on the floor of the Common Table every day to ensure that it operates safely. This was one of the major findings made by the Human Resources Committee in the Workplace Violence Assessment which the committee completed in November 2019. In the absence of having three people on the floor, the Common Table will have to close. To avoid closure we must hire a Community Outreach Worker to replace an IIN-funded staff who departed in mid-January 2020. We will also lose our IIN-funded kitchen coordinator in September, and this person will also need to be replaced in 2020 by a Redeemer-funded employee.

Church Office and IIN Program Changes: Our Church office has also benefitted from the use of IIN staff. Given the size of our congregation, and the broad range of programs that we support, we cannot properly operate our Church office without having at least two individuals on hand at any given time.

Currently we have a full-time administrative assistant working in the office. We also have an IIN-funded office assistant working part-time at 22 hours per week. This IIN-funded position will end May 2020, and we need to hire someone to fill this role - again, without the financial cushion that IIN has provided us previously. Finally, we are blessed to have a dedicated volunteer who works part-time in the office. Until we have two full-time staff working in the office, this volunteer will provide support, as necessary, to ensure full coverage in the office each week.

Director of Parish Operations: Given the operational footprint that our Church has, a Director of Parish Operations is an absolute necessity. The Director of Parish Operations will be responsible for overseeing the day-to-day operations of our church, including facilities and property management, office services, and the human resources of the parish. In the absence of a Director of Parish Operations, a massive administrative burden is imposed upon our clergy, the wardens, deputy wardens, and other lay volunteers, preventing them from properly fulfilling their roles. Karen Chandler started in this role on 20 January 2020 and will be compensated commensurate with the significant responsibilities that are associated with this new position. It is important to note that a number of the responsibilities of the former Facilities Manager role and the former Office Manager role are now under the jurisdiction of the Director of Parish Operations, and that Facilities Manager and Office Manager positions no longer exist.

Clergy: There are increases in 2020 compensation relative to 2019 that are the result of our specific complement of clergy. The current Incumbent, Steven Mackison, is being paid more than previous incumbent due to his significantly greater experience. The Associate Priest, Susan Haig, is receiving a merit-based increase to recognize her significant contributions to our church. Finally, our Assistant Curate, Roshni Jayawardena, has received a well-deserved increase as per Diocesan guidelines.

Cost of Living Adjustment (COLA): all staff will have their compensation increased by 1.9%, which is the COLA recommended by the Diocese for 2020. A few staff will receive additional merit-based increases.

Other Personnel Costs: Other costs include honoraria, contractor payments (e.g. musicians and various hourly support staff) and employer costs (pension and health benefits for clergy and salaried lay staff, EI, CPP, and WSIB coverage).

Table 2: Breakout of Major Staff Compensation Costs to be Paid by Redeemer

Summary Personnel Costs	Amount (\$)
Gross Pay	916,558
Clergy Benefits	44,962
Lay Benefits	35,726
LTD CPP EI	60,553
WSIB	5,000
Grand Total Personnel Costs	1,062,799

Property Expenses

The property budget is \$143,000, which is the same as actual expenditures in 2019. Planned major repairs² or improvements in 2020 are expected to cost about \$35,000 and include the following:

Fireproof storage for archives and financial records	Main entry vestibule painting and refurbishment
Fob locks at exterior doors (3)	Re-keying of inside doors
Boardroom flooring and rug	Main floor kitchen painting and refurbishment
Third floor bookshelves, lighting and storage	Draft drape at choir west door (complete)
Occupancy sensor light switches (20 locations)	Keyed deadbolts on main floor toilets
Address storage issues	Boardroom painting
Map and re-locate thermostats on lower level	

Church Program Expenses

The church program budget is \$71,239, which is 24% higher than actual expenditures in 2019. Advertising budget is \$5,764 and higher than actual 2019 expenditures due to planned web site enhancements. Youth ministry, church school and family ministry expenditures are expected to be higher in 2020 with a total cost of \$17,000. Planned expenditures in the areas of stewardship as well as worship and spirituality will be higher in 2020 relative to actual expenditures in 2019. These higher costs have been partially offset by lower forecast costs in some other church program areas.

Common Table Expenses

The Common Table budget includes cost for food, supplies, and nursing supplies for a program that operates 5 days per week and about 11 months per year. The program serves about 80 to 90 guests each day. This budget includes an allowance for hiring relief staff.

The Common Table budget is \$47,100, which is a 27% increase relative to actual expenditures in 2019. Food costs are expected to be higher in 2020. There will be an emphasis on training and recognition of staff in 2020, and additional funds (relative to 2019) have been allocated to these activities.

It is important to note that the total estimated value of services and supplies to operate the Common Table program is about \$375,000 and the budget only covers about 13% of this amount. The cost of church staff that support the program is not included in this budget and is captured in the personnel budget. The cost of operating and maintaining the church space that is used by the program is captured in the property budget (e.g. utilities and repairs). The program relies heavily on donations of food (e.g. Second Harvest) to offset food costs. Similarly, most of the health services are donated to the program.

² Major repairs exclude any large-scale or significant improvements to the church property. This would be funded separately through, say, a capital campaign and/or by the Maintenance Reserve fund.

General Offices Expenses

General office expenses in 2020 are forecast to be \$103,138 which is a 4% increase relative to actual expenditures in 2019.

General office expenses include telecommunications (\$19,009), photocopy expenses (\$16,377), banking and investment management fees (\$15,800), computer equipment (\$14,728), office supplies (\$12,549), accounting fees for annual audit (\$10,000), and clergy and staff expenses (\$4,675).

In 2020, there will be a special project (\$10,000) to do planning work for the upcoming 150-year anniversary celebration for our church which will be held 2021.

Diocesan Assessment

The church will be paying \$132,696 (2019 - \$134,659) to the Diocese of Toronto to support the ministry of the diocese and the ecclesiastical province of Ontario, and the work of the National Church.

FaithWorks

Historically, the church has committed to donate to the FaithWorks program at a rate of 5% of regular givings. As per Diocese guidelines we plan to hold back 15% of this commitment to fund Common Table program. In 2020 this translates into a commitment of \$38,523. The budget has assumed that the church will receive donations designated for FaithWorks totaling \$38,523. Based on past experience there is a risk that this goal will not be met, and that we likely have to use general funds to cover the shortfall.

Summary of Revenue and Expenditures Budget for Year Ending 31 December 2020

	Budget 2019	Actual 2019	Budget 2020
Revenue Summary			
Donations	1,039,158	1,155,998	1,279,952
Space Use	65,000	74,365	80,000
Subsidies	6,800	6,800	6,800
Investments	24,000	25,621	24,000
Grants	197,679	124,542	57,000
Total Revenue	1,332,637	1,387,325	1,447,752
Expense Summary			
Personnel	933,836	929,182	1,062,799
Property	136,500	142,982	143,000
Church Program	75,594	57,539	71,339
Common Table	41,600	36,991	47,100
General Office Expenses	84,700	99,336	103,138
<i>Subtotal</i>	<i>1,272,230</i>	<i>1,266,030</i>	<i>1,427,376</i>
Diocesan Assessment	134,657	134,658	132,696
FaithWorks	40,750	28,987	38,523
Total Expense	1,447,637	1,429,676	1,598,595
Surplus / (Deficit)	(115,000)	(42,351)	(150,843)

Schedule of Revenue
Budget for Year Ending 31 December 2020

	Budget 2019	Actual 2019	Budget 2020
Undesignated Donations			
<i>Congregational Giving</i>	815,000	867,560 ¹	1,006,429 ²
<i>Open Collection</i>	20,000	26,501	21,000
<i>Subtotal</i>	835,000	894,061	1,027,429
Designated Donations			
<i>Chancel Flowers</i>	2,500	2,427	2,500
<i>Special Purpose</i>	35,908	56,061 ³	21,500 ⁴
<i>FaithWorks</i>	40,750	26,204	38,523
<i>Common Table</i>	120,000	175,220	185,000
<i>Subtotal</i>	199,158	259,912	247,523
Weddings Donations	5,000	2,024	5,000
Total Donations	1,039,158	1,155,998	1,279,952
Space Use	65,000	74,365	80,000
York Rectory Subsidy	6,800	6,800	6,800
Investment Income			
<i>Rectory Fund</i>	24,000	25,621	24,000
<i>Investment Fund</i>	-	-	-
Total Investment Income	24,000	25,621	24,000
Grants	197,679	124,542	57,000
Total Revenues	1,332,637	1,387,325	1,447,752

Notes:

1. Includes a one-time gift of \$50,000 and a bequest of \$11,965.
2. Includes a planned gift of \$80,000. It is anticipated that the donor will continue to donate a similar amount to the church each year.
3. Includes a donation of \$30,600 designated for the music program.
4. A designated gift of \$21,500 for the George Black Fellowship position.

Schedule of Expenses
Budget for Year Ending 31 December 2020

	Budget 2019	Actual 2019	Budget 2020
Personnel			
<i>Clergy</i>	248,567	236,127	294,932
<i>Musicians</i>	196,357	201,164	202,279
<i>Support Staff</i>	475,413	479,691	552,088
<i>Honoraria</i>	13,500	12,200	13,500
<i>Subtotal</i>	933,836	929,182	1,062,799
Property			
<i>Major Repairs</i>	34,500	22,666	35,000
<i>Maintenance & Supplies</i>	25,000	36,116	24,000
<i>Contracts</i>	9,000	18,357	11,000
<i>Insurance</i>	22,000	20,491	21,000
<i>Utilities</i>	46,000	45,352	48,000
<i>Music Equipment Maintenance</i>	-	-	4,000
<i>Subtotal</i>	136,500	142,982	143,000

Schedule of Expenses (continued)
Budget for Year Ending 31 December 2019

	Budget 2019	Actual 2019	Budget 2020
Church Program			
<i>Accessibility</i>	100	-	100
<i>Advertising</i>	10,434	2,509	5,764
<i>Advisory Board</i>	500	186	500
<i>Archives</i>	-	-	100
<i>Board of Management</i>	500	615	500
<i>Learning at Redeemer</i>	4,550	2,812	4,550
<i>Catechesis</i>	1,500	1,260	1,500
<i>Indigenous Solidarity WG</i>	4,210	4,595	3,425
<i>Creation Matters</i>	3,050	4,128	5,250
<i>Youth Group</i>	4,500	3,784	5,500
<i>Youth Adults</i>	4,000	2,409	6,000
<i>Church School</i>	4,000	1,868	3,300
<i>Family Ministry</i>	1,000	906	2,200
<i>Redeemer Rainbow</i>	600	600	600
<i>Hospitality & Recognition</i>	8,250	13,778	8,000
<i>Music</i>	1,500	2,033	1,500
<i>Getting Connected</i>	1,000	-	1,000
<i>Outreach</i>	8,500	2,204	2,500
<i>Pastoral Care</i>	2,500	166	2,050
<i>Stewardship Committee</i>	3,900	2,631	4,000
<i>Synod</i>	1,000	1,365	300
<i>Worship & Spirituality</i>	10,000	9,690	12,700
<i>Subtotal</i>	75,594	57,539	71,339
Common Table			
<i>Food</i>	19,000	15,054	19,000
<i>Supplies & Projects</i>	11,200	14,288	15,200
<i>Staff Support</i>	11,400	7,649	12,900
<i>Subtotal</i>	41,600	36,991	47,100
General Office Expenses			
<i>Clergy Expenses</i>	4,000	13,507	4,175
<i>Office Expenses</i>	70,700	76,646	78,963
<i>Legal & Accounting</i>	10,000	9,183	10,000
<i>Special Projects</i>	-	-	10,000
<i>Subtotal</i>	84,700	99,337	103,138

Report on Church Investments

This report provides an update about the church's Rectory Fund and Investment Fund. The Rectory Fund is invested in the Diocesan Consolidated Trust Fund (DCTF) and our Church-Controlled Investment Fund is currently invested in Fiera Capital's Balanced Endowment, Foundations and Trusts (EFT) fund. In the following section our Investment Policy is described. Next, each of the investment funds and their performance are described. More information about these investment funds can be found in the financial statements included in this Vestry report.

Redeemer Investment Policy

The church's Investment Policy is posted on the Redeemer web site (available at <https://theredeemer.ca/governance/>). The document was prepared by the Finance Committee and endorsed by the Board of Management and the Advisory Board in 2003. The investment policy was approved for use at a Special Vestry meeting on 24 April 2005.

The Investment Policy documents what was the practice over the previous 10 years before the policy was approved. The primary purpose of this policy document is to add some transparency to the overall process by which we manage our investments. In the longer term it provides a clear starting point for any discussions that we may choose to have regarding changes in our approach to managing our investments or how our money should be invested.

Rectory (or Housing) Fund

The rectory at 225 Glenview Avenue was sold in 2001 for \$505,225. As required by the Diocesan regulation, the net proceeds of \$476,592, after payment of legal and real estate fees were deposited with the Diocese and are invested in the DCTF. The church owns 2627.75 units in the DCTF. In 2019 the distribution rate was \$9.75 per unit and we received \$25,621 (2018 - \$24,753) in dividends from the fund. On 31 December 2019 the market value of the Rectory Fund was \$625,857 (2018 - \$583,816).

The proceeds from the Rectory Fund are used to pay part of the clergy housing costs.

Church-Controlled Investment Fund

Background

The church initially invested \$820,572 in Sceptre's Balanced Pooled Fund. The church's investment in the Balanced fund was sold on 1 May 1993 and used to purchase 12,151 units of the Sceptre's EFT fund at a unit value of \$101.86. The market value of all EFT units owned on 1 May 1993 was \$1,237,739. The total gain realized on the sale of the Balanced fund units amounted to \$568,473.

Sceptre Investment Counsel Ltd. merged with Fiera Capital Ltd in June 2010. Church's investment followed in the same EFT fund which is now called Fiera Balanced EFT Fund.

Profile of the Fiera Capital's EFT Pooled Fund can be found at <https://www.fieracapital.com/en/institutional-markets/investment-strategies/balanced/balanced-endowment-foundation-and-trust-eft-fund>

Fiera's responsible investment policy is available at: <https://www.fieracapital.com/sites/default/files/Responsible%20Investment%20Policy.pdf>

On 23 November 2018 we received notification that the investment policy for the Fiera Balanced EFT Fund changed to allow investment in real assets; e.g. real estate, infrastructure and agriculture assets. The fund is

now invested in (target allocation effective January 2019): cash (5%), Canadian bonds (20%), Canadian equities (30%), US equities (15%), International equities (15%) and real assets (15%).

As of 31 December 2019 church has 1391 units (2018 -1558) in the Fiera Balanced Endowment Foundation Trust (EFT) Fund at a market value of \$982,329 (2018 - \$942,691).

During the period 1 May 1993 to 31 December 2019 we redeemed 10,761 units. In the past our church investments were used to fund church operations and represented a significant portion of the money required to operate our church. In 2000 and 2001 the investments were also a major source of funds for renovations to the lower and main levels of the church. Through the generosity of our parishioners we were able to greatly reduce our reliance on the investment fund to the point where we did not redeem units for a period of 6 years (2012 to 2017).

In 2018 we redeemed 81 EFT units to fund church operations. At last Vestry (February 2019), approval was given to withdraw \$115,000 from investment fund and full amount was withdrawn. Specifically:

- On August 23, 73 units of the fund were redeemed to generate \$50,000. \$50,000 less a fee of \$49,985 was received.
- On November 8, 94 units of the fund were redeemed to generate \$65,000.

Management fee paid to Fiera Capital in 2019 totaled \$6,875 excluding HST. Their total management fee is set at 0.675% of market value at time of invoicing (0.75% less a 10% discount) plus 13% for HST.

Performance of Fiera EFT Balanced Fund

Over the one-year period ending 31 December 2019 the EFT fund return was 16.74%, which is higher than total benchmark performance over this one-year period at 14.81%. The average annual returns for total fund versus total benchmark performance over the last 2, 3 and 4 years are also shown in Table 1. The performance of the bond, Canadian equity, US equity, foreign equity and alternative investment components of the total fund and the corresponding benchmark performance are also provided in Table 1.

Table 1
Fiera EFT Balanced Fund Performance
Average Annual % Returns over
Periods ending 31 December 2019
(data supplied by Fiera Capital)

	One Year	Two Years	Three Years	Four Years
Total Fund	16.74	7.68	8.55	8.15
Total Benchmark**	14.81	5.96	6.71	6.98
Bonds in Fund	5.30	3.46	3.12	2.80
Benchmark: 50% FTSE CAN ST & 50% FTSE CAN Universe	4.98	3.18	2.96	2.63
Canadian Equities in Fund	1.57	6.10	7.35	9.59
Benchmark: S&P TSX Composite	3.17	5.81	6.89	10.28
US Equities in Fund	7.55	18.37	18.96	15.72
Benchmark: S&P 500 Total Return in Cdn\$	6.83	14.07	13.99	12.48
International Equities in Fund	8.47	12.40	15.92	11.19
Benchmark: MSCI EAFE Net \$Cdn	5.94	4.34	8.34	5.53
Alternative investments Fund	3.19	N/A	N/A	N/A
Blended Benchmark	1.62	N/A	N/A	N/A

****Total Benchmark is: 5% FTSE CAN Treasury Bills (91 days); 20% (50% FTSE CAN ST & 50% FTSE CAN Universe); 30% S&P/TSX Composite; 15% S&P 500 \$Cdn; 15% MSCI EAFE NET \$Cdn; 15% (FTSE CAN TBILL 91 + 5%)**

Table 2 shows average annual returns of the EFT fund for four-year periods ending in 2016, 2017, 2018 and 2019. These returns are compared to the total benchmark performance over the same periods. This comparison is required so that it can be determined whether the fund met the following performance standard in our Investment Policy:

Fund is to achieve, over moving four-year year periods, a total annualized rate of return of 1% (net of all management fees) above the benchmark portfolio.

In other words, for Fiera management to “earn” its management fee, the annualized performance of the fund should be at least 1.0% greater than benchmark after management fee is deducted. As Table 2 shows this objective was not met in any of the four-year periods shown on this table.

Table 2
Fiera Balanced EFT Fund Performance
Average Annual % Returns over
Four-Year Periods ending 2016, 2017, 2018 and 2019
(data supplied by Fiera Capital)

	<i>Four-Year Periods Ending</i>			
	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019
Total Fund*	10.08	9.07	5.78	8.15
Benchmark**	8.82	7.80	4.55	6.98
Value added net of management fee	0.59	0.60	0.56	0.50
EFT Fund Unit Value (\$) at end of 4-year period	552.22	609.24	605.11	706.38

* For example, average annual return for four-year period ending 31 December 2016 is based on performance over 4-year period spanning 2013 to 2016.

** See footnote about total benchmark at bottom of Table 1

Fiera Capital Manager Comments

The fund manager provided the following commentary on performance and ethical investing:

- The Fiera Balanced EFT Fund had a positive absolute return and outperformed its benchmark in 2019. Although all asset classes in the fund outperformed their respective indices, the added value was primarily driven by strong performance in U.S. and International Equities.
- According to the December 2019 Institutional Performance Report from Global Manager Research, the fund ranked in the 2nd quartile out of 115 funds for Q4 2019 and in the 1st quartile in the 1, 2, 3, 4 and 5 year trailing annualized periods.
- The Fiera Balanced EFT Fund applies an ethical filter on the companies included in the Reference Index: a company will be deemed ineligible if it derives more than 10% of its revenue, either directly or indirectly, from the following products or services: Adult Entertainment, Alcohol, Firearms, Gambling, Military Contracting, Nuclear Power, Tobacco, and Cannabis.

Restricted Funds

Table 3 presents the 2019 opening balance for each restricted fund, the donations received during the year, total expenses charged to each fund and the closing balance of each fund. The funds are restricted because donations that are designated to a restricted fund can only be used as per the purpose of the fund.

Table 3: Restricted Funds – Opening Balance, Income, Expenses and 2019 Yearend Balance

Restricted Fund Name	Fund Balance on 1Jan19	2019 Income	2019 Expenses	Fund Balance on 31Dec19
Refugee Settlement	72,292	3,953	54,350	21,895
Maintenance Reserve	14,372	57	12,993	1,493
Capital Accumulation	13,853	43,912	9,422	48,343

Refugee Settlement Fund

In 2019 the donations in this fund were used to support the settlement of four refugees from Eritrea. There was enough money in the fund at start of this settlement to cover all projected expenses of the one-year settlement. Thus, a call for donations was not made in 2019.

Capital Accumulation Fund

The Capital Accumulation Fund is a fund for major capital improvements to the church. In 2019 the fund was used to pay the final bill for work performed by Historic Restorations as part of the Step into the Future project.

In 2019 a donation was received for the installation of a new Welcome Centre. Money was withdrawn from the fund to pay for part of the work on this centre. The balance of the work on the Welcome Centre will be completed in early 2020.

Maintenance Reserve Fund

This fund was used to pay for repairs to boiler controls by Thermal Air Systems in September 2019.

Finance-Related Motions for Vestry

Motion re: Financial Statements

It will be moved and seconded that the Financial Statements of the Church of the Redeemer, including the Independent Auditor's Report for the year ended December 31, 2019 be approved.

Motion re: Appointment of Public Accountant

It will be moved and seconded that Kriens~Larose, LLP, be appointed public accountant to perform an audit of the general operating statements of the Church of the Redeemer for the year ending December 31, 2020.

Motion re: Budget

It will be moved and seconded that the 2020 Operating Budget, showing total expenditures of \$1,598,595 and projected income of \$1,447,752 be adopted.

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, 2019, and the statements of operations, 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, 2019, 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 cash flows for the years ended December 31, 2019 and December 31, 2018, current assets as at December 31, 2019 and December 31, 2018, and net assets balances at the beginning and the end of the years ended December 31, 2019 and December 31, 2018. Our audit opinion on the financial statements for the period ended December 31, 2019 and December 31, 2018 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, 2019 and December 31, 2018.

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.

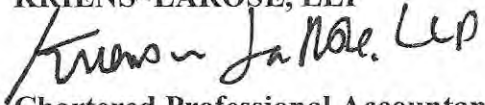
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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

CHURCH OF THE REDEEMER
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019


Page 5

	General Fund 2019 \$	Capital Accumulation Fund 2019 \$	Maintenance Reserve Fund 2019 \$	Refugee Settlement Committee Fund 2019 \$	Total 2019 \$	Total 2018 \$
ASSETS						
CURRENT						
Cash	80,706	90,937	1,436	21,895	194,974	273,006
Accounts receivable	73,657	-	-	-	73,657	23,018
Prepaid expenses	12,171	-	-	-	12,171	2,105
HST recoverable	12,845	-	-	-	12,845	8,336
Government remittances recoverable	-	-	-	-	-	517
Due from capital accumulation fund	42,594	-	-	-	42,594	60,424
	221,973	90,937	1,436	21,895	336,241	367,406
INVESTMENTS (Note 2)						
Rectory fund	625,857	-	-	-	625,857	583,816
Church controlled investment fund	982,329	-	-	-	982,329	942,691
	1,608,186	-	-	-	1,608,186	1,526,507
Church property (Note 1)	1	-	-	-	1	1
	1,830,160	90,937	1,436	21,895	1,944,428	1,893,914

APPROVED ON BEHALF OF THE BOARD:


3 Feb 20

Chairperson


3 Feb 20

Treasurer

CHURCH OF THE REDEEMER
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

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	General Fund 2019 \$	Capital Accumulation Fund 2019 \$	Maintenance Reserve Fund 2019 \$	Refugee Settlement Committee Fund 2019 \$	Total 2019 \$	Total 2018 \$
LIABILITIES						
CURRENT						
Accounts payable	58,622	-	-	-	58,622	77,701
Government remittances payable	884	-	-	-	884	-
Current assessment (Note 3)	132,696	-	-	-	132,696	134,657
Deferred revenue	12,975	-	-	-	12,975	15,920
Due to general fund	-	42,594	-	-	42,594	60,424
	205,177	42,594	-	-	247,771	288,702
Deferred assessment (Note 3)	355,121	-	-	-	355,121	353,160
	560,298	42,594	-	-	602,892	641,862
NET ASSETS						
Total net assets	1,269,862	48,343	1,436	21,895	1,341,536	1,252,052
	1,830,160	90,937	1,436	21,895	1,944,428	1,893,914

CHURCH OF THE REDEEMER
STATEMENT OF OPERATIONS - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

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	2019 Actual \$	2019 Budget \$ (Note 6)	2018 Actual \$ (Note 10)
REVENUES (Schedule)			
Donations and space rental	1,354,904	1,301,837	1,311,392
Investment income	222,299	24,000	(26,358)
Subsidies	6,800	6,800	6,800
	1,584,003	1,332,637	1,291,834
EXPENSES (Schedule)			
Personnel	929,182	933,837	835,792
Property	142,982	136,500	132,882
Diocesan assessment (Note 3)	134,658	134,657	133,957
General office	99,337	84,700	132,036
Church program	57,539	75,594	76,589
Common table program	36,991	41,600	27,639
FaithWorks (Note 6)	28,987	40,750	35,764
	1,429,676	1,447,638	1,374,659
Excess (deficiency) of revenues over expenses from operations	154,327	(115,001)	(82,825)

CHURCH OF THE REDEEMER
STATEMENT OF OPERATIONS - RESTRICTED FUND -
CAPITAL ACCUMULATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

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	2019 \$	2018 \$ (Note 10)
REVENUES		
Other income	6,690	-
Step into the future donations	1,222	15,720
Interest income	-	1
	7,912	15,721
EXPENSES		
Step into the future	5,665	-
Capital expenditures	3,583	-
Bank and investment fees	174	176
	9,422	176
(Deficiency) excess of revenues over expenses for the year	(1,510)	15,545

CHURCH OF THE REDEEMER
STATEMENT OF OPERATIONS - RESTRICTED FUND -
MAINTENANCE RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Page 9

	2019 \$	2018 \$ (Note 10)
<hr/>		
REVENUES		
Donations	57	300
<hr/>		
EXPENSES		
Repairs and improvements	12,993	18,005
<hr/>		
(Deficiency) of revenues over expenses for the year	(12,936)	(17,705)
<hr/>		

CHURCH OF THE REDEEMER
**STATEMENT OF OPERATIONS - RESTRICTED FUND -
REFUGEE SETTLEMENT COMMITTEE FUND**
FOR THE YEAR ENDED DECEMBER 31, 2019

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	2019 \$	2018 \$ (Note 10)
<hr/>		
REVENUES		
Donations	3,953	23,950
<hr/>		
EXPENSES		
Settlement support	54,350	50
<hr/>		
(Deficiency) excess of revenues over expenses for the year	(50,397)	23,900
<hr/>		

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Actual \$	2019 Budget \$ (Note 6)	2018 Actual \$ (Note 10)
UNDESIGNATED DONATIONS			
Envelopes	882,096	835,000	717,735
Bequests	11,965	-	151,619
	894,061	835,000	869,354
DESIGNATED DONATIONS			
Common table program	175,220	120,000	132,843
Grants (Note 9)	124,542	197,679	117,112
Other	58,488	38,408	105,832
FaithWorks (Note 6)	26,204	40,750	31,482
	384,454	396,837	387,269
Space rental/weddings	76,389	70,000	54,769
	1,354,904	1,301,837	1,311,392
SUBSIDIES			
Diocesan subsidies	6,800	6,800	6,800
INVESTMENT INCOME			
Unrealized gain (loss) on investments (Note 7)	109,980	-	(89,992)
Capital gain on redemption	86,698	-	38,881
Diocesan Consolidated Trust fund	25,621	24,000	24,753
	222,299	24,000	(26,358)

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Actual \$	2019 Budget \$ (Note 6)	2018 Actual \$ (Note 10)
PERSONNEL			
Support staff	487,100	481,913	439,798
Clergy	236,127	248,567	212,773
Musicians	193,755	189,857	170,521
Honoraria	12,200	13,500	12,700
	929,182	933,837	835,792
PROPERTY			
Church Utilities	45,352	46,000	44,101
Maintenance and supplies	36,116	25,000	25,151
Major repairs	22,666	34,500	26,043
Insurance	20,491	22,000	20,949
Contracts	18,213	9,000	16,563
Parking	144	-	75
	142,982	136,500	132,882

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Actual \$	2019 Budget \$ (Note 6)	2018 Actual \$ (Note 10)
CHURCH PROGRAM			
Hospitality	13,778	8,250	8,332
Adult learning	12,795	13,410	12,275
Worship and spirituality	9,690	10,000	26,368
Youth Ministry	6,193	8,500	5,188
Church school	2,774	5,000	5,083
Stewardship Committee	2,631	3,900	2,524
Advertising/profile	2,509	10,434	2,071
Outreach	2,204	8,500	9,479
Music	2,033	1,500	864
Synod	1,365	1,000	973
Board of management	615	500	1,425
Redeemer rainbow	600	600	600
Advisory Board	186	500	529
Pastoral care	166	2,500	711
Newcomers	-	1,000	167
	57,539	75,594	76,589

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Actual \$	2019 Budget \$ (Note 6)	2018 Actual \$ (Note 10)
COMMON TABLE PROGRAM			
Food	15,054	18,000	11,876
Supplies, coffee, miscellaneous	10,624	10,000	12,118
Community education	4,289	4,500	-
Nurses supplies	3,664	3,600	2,364
Volunteer training & appreciation	1,837	4,000	811
Security	1,523	1,500	470
	36,991	41,600	27,639
GENERAL			
Office expenses	76,647	70,700	70,488
Clergy	13,507	4,000	7,202
Legal and accounting	9,183	10,000	8,569
Digital expansion project (Note 9)	-	-	38,274
Bad debts	-	-	7,503
	99,337	84,700	132,036

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund 2019 \$	Capital Accumulation Fund 2019 \$	Maintenance Reserve Fund 2019 \$	Refugee Settlement Committee Fund 2019 \$	Total 2019 \$	Total 2018 \$
Balance, beginning of year	1,151,535	13,853	14,372	72,292	1,252,052	1,313,137
Excess (deficiency) of revenues over expenses for the year	154,327	(1,510)	(12,936)	(50,397)	89,484	(61,085)
Interfund transfers (Note 5)	(36,000)	36,000	-	-	-	-
Balance, end of year	1,269,862	48,343	1,436	21,895	1,341,536	1,252,052
Restricted funds	28,987	48,343	1,436	21,895	100,661	130,698
Unrestricted funds	1,240,875	-	-	-	1,240,875	1,121,354
	1,269,862	48,343	1,436	21,895	1,341,536	1,252,052

CHURCH OF THE REDEEMER
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2019

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	General Fund 2019 \$	Capital Accumulation 2019 \$	Total 2019 \$	Total 2018 \$ (Note 10)
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CASH FROM OPERATING ACTIVITIES

Contributions received:

Envelopes	828,513	-	828,513	706,225
Other	58,488	-	58,488	105,832
Common table program	175,220	-	175,220	132,843
Space use/weddings	76,389	-	76,389	54,769
Bequests	11,965	-	11,965	151,619
Diocesan subsidies	6,800	-	6,800	6,800
Maintenance	57	6,690	6,747	300
Grants	124,542	-	124,542	117,112
Refugees	3,953	-	3,953	23,950
Faithworks	26,204	-	26,204	31,482
Building project	-	1,222	1,222	10,116
	1,312,131	7,912	1,320,043	1,341,048

Cash paid for:

Suppliers and employees	(1,394,616)	(9,422)	(1,404,038)	(1,301,197)
Diocese	(134,658)	-	(134,658)	(133,957)
	(1,529,274)	(9,422)	(1,538,696)	(1,435,154)
	(217,143)	(1,510)	(218,653)	(94,106)

CASH FROM FINANCING AND INVESTING ACTIVITIES

Proceeds on sale Sceptre units	115,000	-	115,000	49,986
Interest and other income	25,621	-	25,621	24,753
	140,621	-	140,621	74,739
Net change in cash	(76,522)	(1,510)	(78,032)	(19,367)
Interfund transfers (Note 5)	(18,170)	18,170	-	-
Cash, beginning of year	198,729	74,277	273,006	292,373
Cash, end of year	104,037	90,937	194,974	273,006

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 1,391 units (2018 - 1,558 units) in Fiera Capital Ltd's Balanced Endowment Foundation Trust (EFT) Fund. In 2019, the Church sold 167 units and realized a capital gain of \$86,698 on redemption.

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, 2019 10,761 EFT units have been redeemed. The Church's 1993 deferred gain on the sale of these units is \$320,390. This leaves \$28,788 (2018 - \$33,635) 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, 2019 is \$168,465 (2018: \$177,680).

Continued...

2. INVESTMENTS (Continued)

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, 2019 consists of 2,628 (2018 - 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, 2019 is \$490,882 (2018 - \$490,882).

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 \$355,121 (2018 - \$353,160). 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. There were 167 and 82 units redeemed in fiscal years 2019 and 2018, respectively. There were no units redeemed in 2017, 2016, 2015, 2014, 2013 and 2012, while 174 units were redeemed in 2011 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 2019 is \$2,971.

Continued...

3. DEFERRED DIOCESAN ASSESSMENT (Continued)

During the period May 1, 1993 to December 31, 2019 10,761 EFT units have been redeemed and the amount of the 1993 deferred assessment associated with the sale of these units is \$186,189 (2018 - \$183,218). Thus leaving \$25,886 (2018 - \$28,858) 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, 2019, 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. 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, 2018 to December 31, 2019.

Continued...

8. COMMITMENTS

De Lage Landen Financial Services Canada Inc.

The Church entered into a lease for a printer on December 20, 2019, which expires on March 31, 2025. The lease has been accounted for as an operating lease. Future obligations due approximate \$36,671 and include the following annual payments.

	\$
2020	6,985
2021	6,985
2022	6,985
2023	6,985
2024	6,985
2025	1,746

36,671

Genelipse Inc.

The Church entered into a service contract for an IT support, which expires on September 15, 2021. Future obligations due approximate 16,800 and include the following annual payments.

	\$
2020	9,600
2021	7,200

16,800

Continued...

9. 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 fiscal year 2018. The project was completed in fiscal year 2018.

The Church entered an agreement dated November 1, 2018 for the Youth Apprenticeship Program in the amount of \$6,700 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 2019, \$4,527 of the funds were used to pay wages for Youth Apprentice. No amount remains in this grant at the end of fiscal year 2019.

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 was used and \$5,544 remains deferred. In fiscal year 2018, an additional \$5,000 was received. The Church used the total funds of \$10,544 of the funds in fiscal year 2018. No amount remains in this grant at the end of fiscal year 2018.

Starting from May 2018, the church started receiving subsidy from Incorporated Synod of the Diocese of Toronto in the amount of \$2,500 per month. The subsidy is to be used for wages paid to the assistant clergy personnel. In fiscal year 2019, the church received a total of \$30,000 (2018 - \$20,000).

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 \$90,014 of assistance related to the 2019 fiscal year during 2019 (2018 - \$72,675). The Church has a receivable balance as at December 31, 2019 of \$10,092 (2018 - \$8,316)

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.

Continued...

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, 2019

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 \$0 (2018: \$7,503).

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.

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.

