

Church of the Redeemer
Financial Vestry Report
February, 2022

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Treasurer's Report

Review of 2021 Revenue and Expenses

Overview

In 2021, we budgeted for an operating deficit; that is, we expected donations and other income would not be sufficient to fully cover the church's expenses. The forecast operating deficit was estimated to be about \$171,315. However, in 2021 we ended the year with a larger deficit of \$316,713 or about 84% larger than expected. Key factor that led to this deficit was **revenue was lower** than expected. Total **expenses were less** than the forecast total expenditures in the 2021 budget.

We are currently not in a sustainable financial position. It's difficult to know in these unusual times what lies ahead with respect to our finances, but the trend in our recent financial history is a strong indicator that financial challenges lie ahead of us. It is helpful to highlight the following in our financial history:

- 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. Over time through the generosity of our parishioners, we were able to greatly reduce our reliance on the investment fund for church operations.
- During the 10-year period 2012 to 2021 we had financial deficits in 6 years and the financial deficit in 2021 was the largest deficit by a wide margin during this 10-year period.
- In recent years we have once again come to rely more heavily on our Fiera Fund to support church operations.

We've relied on the Fiera Fund to cover deficits over the years, but we can't continue to do this, because:

- We need the Fiera Fund as a reserve to sustain our Church building and everything in it. For example, we used the Fund to support the lower-level renovation. In 2021, we used the Fund to enable us to immediately respond to failures in our HVAC system. Without the Fund, we might have had to temporarily close the Church building completely.
- We need the Fiera Fund to cover the unexpected--an extra expense or late arrival of an expected grant or donation. For example, in 2021, a large Common Table donation was not received.

We recognize that we need to get to a sustainable position. Board of Management intends to do the work needed to bring us back to a balanced financial position by the last quarter of this year. The Board will oversee development of a plan, to cut our running costs and to increase revenues if possible. The intent is to bring the plan to a special Vestry meeting in June. Implementation will start by the end of August, with the goal of operating on an average break-even basis by the end of September.

Review of 2021 Revenue

Parishioners donated \$689,390 (2020-\$750,811) to sustain Redeemer's ministry. Open plate donations were \$0 (2020 - \$3,056). We also received one bequest for \$1,736 and another bequest for \$86,328. Both bequests were deposited into our Capital Accumulation Fund.

Donations received and designated for FaithWorks totaled \$27,110 (2020 - \$22,262). However, in 2021 we committed to donate 5% of regular givings to the FaithWorks program. As allowed by the Diocese we held back 15% of our donation to fund our Common Table program. The final amount sent to the FaithWorks program was \$30,000 (2020 - \$30,400) with the difference between donations received and amount sent being covered by general donations.

Designated donations were received for music - \$15,143 (2020 - \$7,410), flowers – \$0 (2020 -\$450) and other special purposes – \$3,470 (2020 -\$2,161).

The church received non-receiptable donations in the amount \$900 (2020 - \$12,960) for use of our space by outside groups. By comparison revenue from space rentals in 2019 and before the pandemic was much higher at \$74,365. We also received \$2,272 (2020-\$550) as wedding and funeral donations. We received the York Rectory subsidy in the amount of \$6,800 (2020 - \$5,100).

Income from the “Rectory Fund” invested in the Diocesan Consolidated Trust Fund (DCTF) totaled \$25,962 (2020-\$26,251) (see Report on Church Investments).

Grants and subsidies totaling \$26,682 were received to cover the cost of various staff positions: 1) Diocesan grant to partially cover the cost of the Assistant Curate position (\$11,668); 2) Diocesan grant to fund a Youth Apprenticeship position (\$4,472); and 3) funding from the City of Toronto to cover the cost of Investing in Neighborhoods (IIN) position (\$10,542).

Church of the Redeemer received \$77,744 (2020 - \$78,996) in federal government assistance via the Canada Emergency Wage Subsidy (CEWS) (see Government Assistance).

Total revenue designated for the Common Table program was \$239,606. Total donations for Common Table was \$177,168. The Common Table program was also funded by grants and major donations totaling \$62,438. In 2021 the Common Table used following **grants**:

- **Daily Bread Food Bank:** In 2020 Common Table received the Daily Bread Food Bank grant for infrastructure for \$28,750. In 2020 and 2021 \$3,432 and \$6,182 were utilized directly for Common Table. In 2021 \$10,000 was transferred to Capital Accumulation Fund to partially fund the repairs to church’s HVAC system (see pg 8 of Financial Statements). The remaining \$9,136 will be used in 2022.
- **Shelter, Support and Housing Administration (SSHA) Grant:** The City of Toronto provided a grant to fund a project to operationalize new indoor space for individuals who are experiencing homelessness in Toronto. The total amount of the grant is \$43,733. In fiscal year 2021, \$29,156 was received, and \$9,755 has been used to fund Common Table program. The remaining \$19,401 will be used in 2022. In January 2022 Common Table received the balance of the grant, \$14,577. Total amount of SSHA available for use in 2022 is \$33,979 and according to the terms of the SSHA agreement, the money must be used by 31 March 2022.
- **Toronto Drop-In Network (TDIN).** The Church received grants from City of Toronto Drop-in Network for \$1,100 and \$1,315 for the purpose of surveying common table clients and to act as an emergency fund. Both grants were fully utilized in 2021.

In addition to grants, Common Table also received two major **donations**:

- **La Fondation Emmanuelle Gattuso:** The Common Table received \$101,700 from the Foundation to cover salary costs of two Common Table staff for one year starting from December 1, 2021. In fiscal year 2021, \$9,086 was utilized to pay salaries of the two staff. The remaining \$92,614 will be used in 2022 to pay the same two salaries.
- **Anonymous Donor:** Common Table program also received a major anonymous donation of \$35,000 which was recognized as revenue in fiscal year 2021.

Review of 2021 Expenses

Some expense highlights for 2021 are as follows :

- The total expenses in 2021 were \$1,441,327 (2020- \$1,327,346) or about \$120,000¹ per month. The total expenses incurred in 2021 was \$253,261 lower than the budget amount that was approved by Vestry in February 2021.
- Personnel costs were lower than budget primarily because plans to fill various staff positions were delayed.
- Property expenses in 2021 came in under budget. Insurance costs were underestimated in the 2021 budget. However this higher cost was offset by lower-than-expected costs in other areas. The total cost for major repairs was \$10,102 versus a budget of \$45,000. Many of the major repairs that were planned for 2021 have been deferred to 2022 due to the pandemic.
- Church program expenditures totalled \$15,274 or about 32% of the approved budget. Most programs were underspent, and the following areas had significant under-expenditures: Worship and Spirituality, Learning at Redeemer, Young Group, Creation Matters, and Hospitality and Recognition. Note that the church program expenditures only cover the cost of materials, supplies and/or speakers for the various program areas and does not include the cost of staff that support the programs.
- Common Table costs for food, supplies, staff training and recognition, and nursing supplies totalled \$47,611. The 2021 budget was \$111,324 which included \$50,024 for nursing services which was not spent in 2021. When nursing services is excluded the budget amount is \$61,300, and on this basis the Common Table program was underspent in 2021. This total cost *excludes* costs for personnel and the cost of church building operations to support this program, which are accounted for elsewhere in the budget.
- General office expenses totalled \$88,998 in 2021 and came in under budget. Office expenses totalled \$64,358 and various expenses were generally within or close to budget with exception of service charges which were higher than anticipated. The office expenditures include telecommunications, bank and donation service charges, computer equipment, photocopying, office supplies, and investment management fees. The general office expense category includes accounting fees for our annual audit and some legal fees as well as investment management fees (\$19,050). In 2021 we celebrated the 150th anniversary of the church and costs associated with this celebration totalled \$5,591.
- Our Diocesan Assessment was \$141,316 in 2021 or about 10% of all church expenditures. The assessment is paid monthly to Diocese of Toronto.

Explanation of Variance Relative to Audited Financial Statements

A surplus of \$417,729 is shown on page 7 of the audited financial statements. This surplus arises because the following amounts were included as revenue in accordance with accounting rules:

- capital gain realized upon redemption of Fiera Fund units in 2021 - \$176,139 (see Report on Church Investments);
- unrealized gain on investments of \$70,485 held in the Fiera Fund which remains in the investment account;
- forgiveness of deferred Diocesan assessment \$487,817 (see Note 3 in the Financial Statements)

When these amounts are removed, there is a **deficit of \$316,713 in 2021**.

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.

Electronic Transfer of Funds to Staff, Contractors and Vendors

In 2021 we continued to pay staff, contractors and vendors by electronic transfer of funds (ETF) via the ADP payroll service, TelPay and pre-authorized debit. A small number of large payments (i.e., greater than \$10,000) were generally paid by cheque.

ETF is more convenient for both the Redeemer bookkeeper and signing officers because all approval-related activities can be done remotely. EFT is also convenient for recipients of funds because money gets deposited directly into their bank accounts in a timely manner. ETF is a less expensive method of disbursing funds and leads to net savings to Redeemer. Finally, there is little risk of payments being lost (e.g. no missing or lost cheques). In all cases where ETF of funds has been implemented, appropriate financial controls are in place.

Where appropriate we pay recurring bills by pre-authorized debit. For example, our phone bill, electrical bill, payments for lay pensions and health benefits, and our credit card bill are made of by pre-authorized debit. In addition to being more convenient, we have greatly reduced the risk of missed payments.

Government Assistance

Church of the Redeemer received \$77,744 in federal government assistance via the Canada Emergency Wage Subsidy (CEWS) in 2021. The CEWS serves as financial relief for a portion of the employee wages. The CEWS is temporary and was available during the period March 2020 to October 2021.

All churches in the Diocese, including Redeemer, qualified for CEWS on an affiliated basis. The Diocese collected revenue data from all parishes, and on an aggregate revenue basis it was determined that all churches qualified in each of 2020 and 2021 CEWS periods except Periods 3 and 4.

Redeemer applied directly to the federal government for lay staff and received money by direct deposit into our bank account. The Diocese applied for Redeemer clergy and when money was received by the Diocese it is passed onto Redeemer.

The financial relief through CEWS is not repayable but is subject to audit by the Canada Revenue Agency (CRA). The Diocese did a review of parish revenue data in anticipation of a CRA audit. The following message was received from the Diocese on 9 February 2021:

“As part of our annual audit, we collected bank statements from a small sample of parishes to allow Grant Thornton to gain comfort on the calculations we have made in claiming CEWS payments during 2020. The results turned up a number of inconsistencies that could affect the correctness of our claims. We are therefore asking the largest parishes in the Diocese to send us more comprehensive data to allow us to estimate the extent of any errors that may have occurred for each month.”

Bank statements for the period July to December 2020 were submitted to the Diocese to allow a comprehensive review of our revenue data. The findings of this Diocese audit have not been reported to Church of the Redeemer.

Church of the Redeemer does not plan to apply for any government assistance in 2022. As a partial replacement of CEWS, the federal government introduced the Canada Recovery Hiring Benefit (CRHP). It

is anticipated that CRHP subsidy will not have a meaningful impact on church finances and thus we will not be applying for this subsidy. It is noteworthy that the Diocese also does not plan to apply for any government assistance via CRHP in 2022.

Proposed 2022 Budget

Overview of Proposed Budget

The proposed budget for 2022 has expenses totaling \$1,595,864 which is about 11% higher than the actual expenses in 2021. There are increases relative to actual 2021 expenditures in all major budget categories except General Office, Diocesan Assessment and FaithWorks (see Figure 1).

The revenue target for 2022 is \$1,490,718 which is 33% higher than total actual revenue received in 2021. We hope to receive donations totaling about \$1.0 million. Revenue from grants, subsidies and major donors is expected to be about \$453,000. Other sources of revenue include space rentals, subsidies, and investment income and total amount of revenue from these sources is expected to be about \$32,000 (see Figure 2).

In 2022 the Diocese will provide a Jubilee subsidy of \$11,274 by forgiving a one-month payment of our Diocesan assessment.

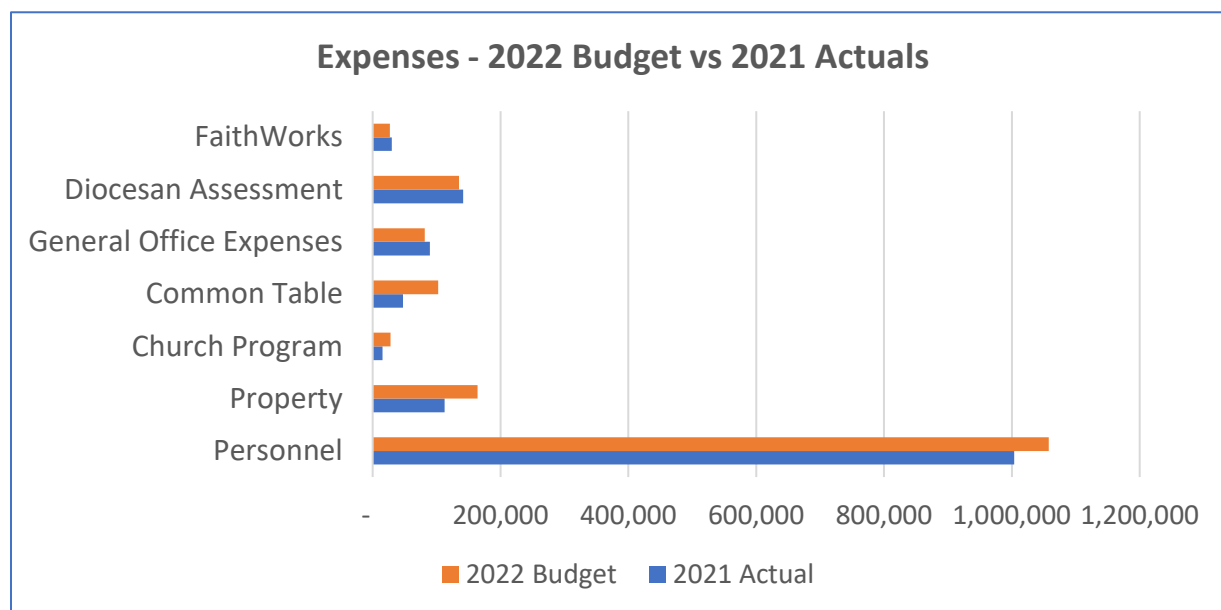


Figure 1: Major Expenses in 2022 versus Actual Expenses in 2021

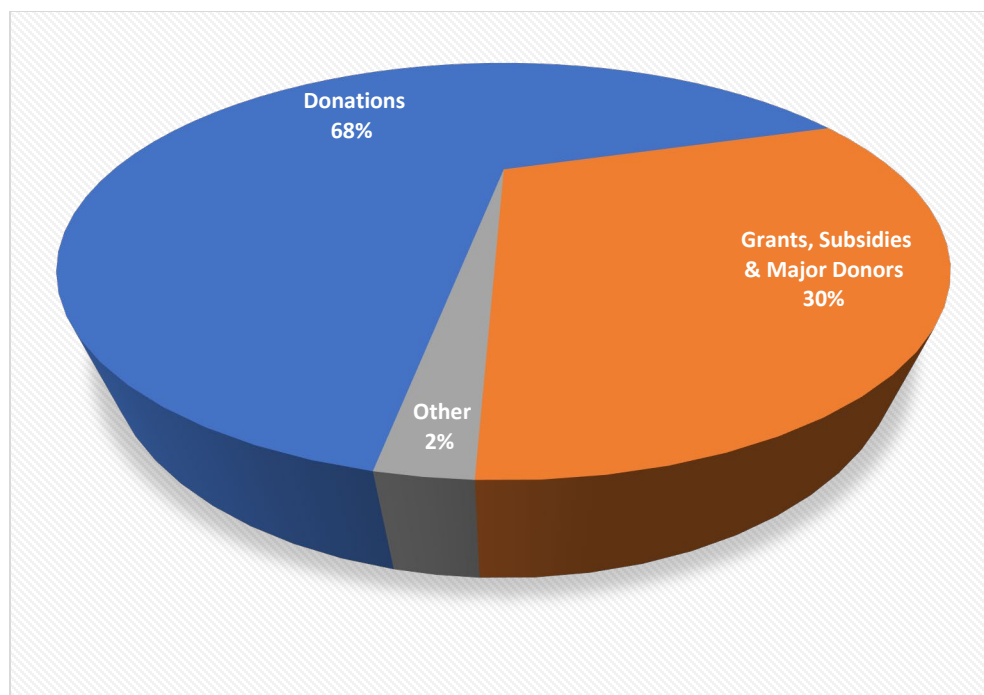


Figure 2: Major Sources of Revenue in 2022

If both revenue and expense budget amounts are met by the end of 2022, then there will be a deficit of about \$105,000. However, if total revenue is 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 Redeemer-controlled investment fund (Fiera Fund) to address any deficit.

Process for Setting Proposed 2022 Budget

The budget process started in late October 2021 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 2021 and early 2022. The Finance Committee took responsibility for assembling the budget. When initially assembled the budget had a relatively large deficit. Staff, lay leaders and Board of Management were asked to review the budget and to look for cost savings. Through this effort, the proposed 2022 budget still has a deficit albeit smaller than deficit at start of budgeting process.

The budget was eventually brought to the Board of Management on 3 February 2022 for their approval to take to the annual Vestry meeting. The congregation's approval to implement the 2022 budget will be sought by a majority vote at the annual Vestry meeting on 27 February 2022.

Personnel Expenses

Personnel costs are projected to be \$1,057,655 in 2022 versus actual costs of \$1,006,804 in 2021. Some personnel costs will be offset by an Investing In Neighbourhoods (IIN) grant from the City of Toronto (about \$27,000) and a Curacy grant from the Diocese (\$34,992).

Table 1 presents the number of staff by category that are currently on the Redeemer payroll (as of February 2022) and the number of vacancies that we plan to fill in 2022. When fully staffed by around May 2022

there will be 24 staff. These 24 full-time and part-time positions are equivalent to about 16 full-time positions.

Table 1: Number of Staff by Category in 2022 Budget

Staff Category	Current Number of Staff ¹	Vacancies to be Filled in 2021	Total Number of Staff
Clergy	3		3
Pastoral	2		2
Music Leadership Team	4		4
Common Table – Salaried	3		3
Support Staff – Salaried	3	1	4
Support Staff – Hourly	6	1	7
IIN Staff	1		1
Total	22	2	24

Notes:

1. Staff as February 2022.

The following is a description of the staff positions that we plan to fill in 2022:

Office: Karen Chandler, Director Parish Operations resigned effective January 7, 2022. A search is underway to find a new person to fill this position and this position should be filled by May 1, 2022.

Support Staff: An hourly part-time (10 hrs/week) caretaker will be hired in 2022.

The Diocese has recommended a 2% cost of living adjustment (COLA). On the recommendation of the Human Resources Committee, the Board of Management has decided that all staff will receive a 2% COLA in 2022.

Table 2 presents estimates of all 2022 personnel-related costs. In addition to salaries and hourly wages there are costs for honoraria and contractor payments (e.g., occasional musicians), and there are employer costs for pension, health benefits, EI, CPP, WSIB coverage, training, and local travel expenses.

Table 2: Breakout of Major Staff Compensation and Expense Costs

Summary Personnel Costs	Amount (\$)
Gross Pay	908,065
Clergy Pension, Health, Benefits, LTD, CPP, EI, Professional Development	62,107
Lay Pension, Health, Benefits, LTD, CPP, EI, PD, Training	77,982
Lay WSIB	2,700
Local Travel Expenses (Incumbent parking, mileage, taxi, Presto)	3,800
Payroll Processing	3,000
Total Personnel Costs	1,057,655

Property Expenses

The property budget is \$164,022, which is about 47% higher than actual expenditures in 2021. The significant increase is largely due to planned major repairs² and improvements to be carried out in 2022. Many of the major repairs and improvements that were planned for 2021 were not carried out due to the pandemic and were deferred to 2022. The 2022 major repairs and improvements are expected to cost about \$33,500. The list of planned major repairs and improvements are as follows:

- Repair and add remote control to electronic sign at church front
- New power outlets to front of Nave and in Parish Hall
- Additional sub-panel for electrical adds flexibility
- Video/bells/fob locks at exterior doors (4)
- Map and re-locate thermostats on lower level
- Third floor bookshelves, lighting and storage
- Re-keying of inside doors

This property budget does not address any major repair work exceeding about \$10,000. For example, the church heating, ventilation and air conditioning (HVAC) system has reached the end of its useful operating life and is being replaced. In addition, the stained-glass windows at the north end of the church will need to be repaired. These projects will be funded from sources outside the general operating fund for the church. The funds to repair the church HVAC system were obtained by redeeming units in the Fiera Fund and the goal is to replace that money via a future capital campaign.

Church Program Expenses

The church program budget is \$27,800, which is 80% higher than actual expenditures in 2021. However, the 2022 budget estimate is considerably lower than budgets for church programs in previous years. Leaders of various church programs were cautiously optimistic about returning to “normal” in 2022 when

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.

setting their budgets. In addition, various lay leaders subsequently minimized expenditures to support an overall effort to minimize the projected 2022 financial deficit.

Common Table Expenses

The Common Table budget includes costs for food, supplies, and nursing services and supplies for a program that operates 5 days per week and about 11 months per year. The program serves about 80 to 100 guests each day. This budget includes an allowance for hiring relief staff.

The Common Table budget is \$102,500, which is nearly double actual expenditures in 2021. The primary reason for the large increase in expenditures is the addition of nursing services to the Common Table program. The cost of these nursing services (about \$52K) is largely covered by a grant from a generous donor that was received in 2020 (see Note 11 in Financial Statements, Common Table Grants).

Food costs are expected to be higher in 2022. There will be an emphasis on staff and volunteer training in 2022, and funds have been allocated to these activities.

It is important to note that 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.

General Office Expenses

General office expenses in 2022 are forecast to be \$81,600 which is a 9% lower relative to actual expenditures in 2021. Significant cost savings was identified in the area of IT support.

General office expenses include IT support (\$18K), banking and service fees (\$15K), photocopy expenses (\$12K), legal and accounting fees (\$11K), telecommunications (\$8.5K), investment management fees (\$8K), office supplies (\$7K), advertising (\$2K).

Diocesan Assessment

The church will be paying \$135,287 (2021 - \$141,316) 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 always committed to donate to the FaithWorks program at a rate of 5% of regular givings. As per Diocesan guidelines we also held back 15% of this commitment to fund the Common Table program. Typically, there has been a shortfall between amount calculated by this formula and the amount actually donated by parishioners. General funds have been used to cover the shortfall or to top-up our contribution to the FaithWorks program.

For 2022 we propose to forgo our long-standing practice of using general funds to “top-up” our contribution to FaithWorks program. In 2022 we plan to only donate the amount collected as donations from parishioners. The budget has assumed that the church will receive donations designated for FaithWorks totaling \$27,000.

Table 3
Summary of Revenue and Expenditures for the
Budget for Year Ending 31 December 2022

	Budget 2021	Actual 2021	Budget 2022
Revenue Summary			
Donations	850,000	746,384	805,000
Space Use	10,000	900	5,000
Subsidies	6,800	6,800	6,800
Investments	24,000	25,962	25,000
Grants & Subsidies	81,473	104,425	73,266
Cost Recovery	1,000	537	2,400
Common Table	550,000	239,606	573,252
Total Revenue	1,523,273	1,124,615	1,490,718
Expense Summary			
Personnel	1,078,275	1,006,804	1,057,655
Property	169,000	111,324	164,022
Church Program	47,575	15,274	27,800
Common Table	111,324	47,611	102,500
General Office Expenses	117,098	88,998	81,600
<i>Subtotal</i>	<i>1,523,272</i>	<i>1,270,011</i>	<i>1,433,577</i>
Diocesan Assessment	141,316	141,316	135,287
FaithWorks	30,000	30,000	27,000
Total Expense	1,694,588	1,441,327	1,595,864
Surplus / (Deficit)	(171,315)	(316,713)	(105,146)

Table 4
Schedule of Revenue for the
Budget for Year Ending 31 December 2022

	Budget 2021	Actual 2021	Budget 2022
Undesignated Donations			
<i>Congregational Giving</i>	800,000	698,390	750,000
<i>Open Collection</i>	-	-	-
<i>Subtotal</i>	<i>800,000</i>	<i>698,390</i>	<i>750,000</i>
Designated Donations			
<i>Chancel Flowers</i>	-	-	-
<i>Special Purpose</i>	25,000	18,613	25,000
<i>FaithWorks</i>	25,000	27,110	27,000
<i>Subtotal</i>	<i>50,000</i>	<i>45,723</i>	<i>52,000</i>
<i>Life Services</i>	-	2,272	3,000
Total Donations	850,000	746,384	805,000
Space Rentals	10,000	900	5,000
York Rectory Subsidy	6,800	6,800	6,800
Investment Income			
<i>Rectory Fund</i>	24,000	25,962	25,000
<i>Investment Fund</i>	-	-	-
Total Investment Income	24,000	25,962	25,000
Grants & Subsidies	81,473	104,425	73,266
Cost Recovery	1,000	537	2,400
Common Table			
<i>Donations</i>	344,949	177,168	200,000
<i>Grants & Major Donors</i>	205,051	62,438	373,252
Total Common Table	550,000	239,606	573,252
Total Revenues	1,523,273	1,124,615	1,490,718

Table 5
Schedule of Expenses for the
Budget for Year Ending 31 December 2022

	Budget 2021	Actual 2021	Budget 2022
Personnel			
<i>Clergy</i>	232,188	234,594	293,683
<i>Pastoral</i>	70,437	62,803	41,124
<i>Musicians</i>	188,585	183,479	179,227
<i>Common Table (Direct Cost)</i>	240,929	204,732	206,127
<i>Operations & Administration</i>	252,877	235,072	256,711
<i>Lay Payroll Expenses</i>	93,258	86,124	80,782
<i>Subtotal</i>	<i>1,078,275</i>	<i>1,006,804</i>	<i>1,057,655</i>
Property			
<i>Major Repairs</i>	45,000	10,102	33,500
<i>Maintenance & Supplies</i>	36,000	15,213	32,000
<i>Contracts</i>	12,000	10,580	13,500
<i>Insurance</i>	26,000	29,437	33,022
<i>Utilities</i>	46,000	42,553	48,000
<i>Music Equipment Maintenance</i>	4,000	3,439	4,000
<i>Subtotal</i>	<i>169,000</i>	<i>111,324</i>	<i>164,022</i>
Church Program			
<i>Accessibility</i>	100	-	100
<i>Advisory Board</i>	200	-	200
<i>Archives</i>	100	-	100
<i>Board of Management</i>	200	-	250
<i>Learning at Redeemer</i>	5,300	1,119	2,250
<i>Faith Formation</i>			
<i>Church School & Nursery</i>	3,300	1,116	2,800
<i>Youth Group</i>	5,500	1,465	2,500
<i>Family Ministry</i>	2,200	409	2,400
<i>Youth Adults</i>	2,500	-	1,000
<i>Catechesis</i>	1,500	-	750
<i>Redeemer Rainbow</i>	600	97	600
<i>Indigenous Solidarity WG</i>	3,475	2,350	4,400
<i>Creation Matters</i>	4,900	1,049	2,700
<i>Hospitality</i>	4,000	1,276	750
<i>Music</i>	1,500	2,211	1,000
<i>Getting Connected</i>	2,050	-	1,000
<i>Outreach</i>	1,500	62	500
<i>Pastoral Care</i>	1,500	1,857	1,500
<i>Stewardship Committee</i>	1,000	839	1,000
<i>Synod</i>	-	-	-
<i>Worship & Spirituality</i>	6,150	1,424	2,000
<i>Subtotal</i>	<i>47,575</i>	<i>15,274</i>	<i>27,800</i>

Table 5 (continued)
Schedule of Expenses for the
Budget for Year Ending 31 December 2022

	Budget 2021	Actual 2021	Budget 2022
Common Table (Direct Cost)			
<i>Food & Coffee</i>	27,800	15,636	20,000
<i>Supplies & Equipment</i>	24,585	28,307	17,000
<i>Petty Cash/Other</i>	4,915	1,301	1,500
<i>CT Training & Development</i>	4,000	832	4,000
<i>Nursing Services</i>	50,024	319	52,000
<i>CT Programming</i>	-	1,216	6,000
<i>Community Education</i>	-	-	2,000
<i>Subtotal</i>	<i>111,324</i>	<i>47,611</i>	<i>102,500</i>
General Office Expenses			
<i>Office Expenses</i>	93,098	64,358	62,600
<i>Legal & Accounting</i>	19,000	19,050	19,000
<i>Special Projects</i>	5,000	5,591	-
<i>Subtotal</i>	<i>117,098</i>	<i>88,998</i>	<i>81,600</i>
Diocesan Assessment	141,316	141,316	135,287
FaithWorks	30,000	30,000	27,000
Total Expenses	1,694,588	1,441,327	1,595,864

Report on Church Investments

Overview

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. At the end of 2021, the total market value of the two funds was \$1,739,439 (2021 - \$1,735,811).

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 DCFT. The church owns 2627.75 units in the DCTF. In 2021 the distribution rate was \$9.88 per unit, and we received \$25,962 (2020-\$26,251) in dividends from the fund. On 31 December 2021 the market value of the Rectory Fund was \$734,384 (2020 - \$657,246).

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.

Sceptre Investment Counsel Ltd. merged with Fiera Capital Ltd in June 2010. The 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>

In 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 percentage): cash (5%), Canadian bonds (20%), Canadian equities (30%), US equities (15%), International equities (15%) and real assets (15%).

As of 31 December 2021, the church has 1,110 units (2020 -1391) in the Fiera Balanced Endowment Foundation Trust (EFT) Fund at a market value of \$1,005,052 (2020 - \$1,078,565).

In May 1993 Redeemer owned 12,152 EFT units which had a market value of about \$1.2M (1993 dollars). During the period 1 May 1993 to 31 December 2021, we redeemed 11,042 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 and 2019 we redeemed 81 EFT units and 167 units, respectively, to fund church operations. In 2020, we did not redeem any units.

In August 2021 we redeemed 281 units that generated \$242,985 after fees (\$15). This money will be used to pay for repairs to the church's heating, ventilation, and air conditioning (HVAC) system. Repairs began in the fall of 2021 and will be completed in the spring of 2022.

Management fees paid to Fiera Capital in 2021 totaled \$7,945 (2020 - \$6,751) 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 2021 the EFT fund return was 16.75%, which is higher than total benchmark performance over this one-year period at 13.28%. The average annual returns for total fund versus total benchmark performance over the last 2, 3 and 4 years are also shown in Table 6. 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 6.

Table 6
Fiera EFT Balanced Fund Performance
Average Annual % Returns over periods ending 31 December 2021
(Data supplied by Fiera Capital)

	One Year	Two Years	Three Years	Four Years
Total Fund	16.75	13.22	14.38	10.41
Total Benchmark**	13.28	11.10	12.32	8.50
Bonds in Fund	-1.34	3.36	4.01	3.41
Benchmark: 50% FTSE CAN ST & 50% FTSE CAN Universe	-1.72	2.55	3.35	2.86
Canadian Equities in Fund	29.33	16.24	18.43	11.05
Benchmark: S&P TSX Composite	25.09	14.93	17.52	10.28
US Equities in Fund	33.17	27.08	27.16	22.65
Benchmark: S&P 500 Total Return in Cdn\$	27.61	21.83	22.83	17.89
International Equities in Fund	15.48	16.95	19.69	14.65
Benchmark: MSCI EAFE Net Cdn\$	10.32	8.10	10.62	6.2
Alternative investments Fund	6.71	6.17	N/A	N/A
Blended Benchmark	5.02	5.46	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 7 shows average annual returns of the EFT fund for four-year periods ending in 2018, 2019, 2020 and 2021. 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 Capital 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 7 shows this objective was only met in the 4-year period ending 31 December 2021.

Table 7
Fiera Balanced EFT Fund Performance
Average Annual % Returns over
Four-Year Periods ending 2018, 2019, 2020 and 2021.
(data supplied by Fiera Capital)

	<i>Four-Year Periods Ending</i>			
	31 Dec 2018	31 Dec 2019	31 Dec 2020	31 Dec 2021
Total Fund*	5.78	8.15	8.86	10.41
Benchmark**	4.55	6.98	7.27	8.50
Value added net of management fee	0.56	0.50	0.92	1.24
EFT Fund Unit Value (\$) at end of 4-	605.11	706.38	775.58	905.49

* For example, average annual return for four-year period ending 31 December 2018 is based on performance over 4-year period spanning 2015 to 2018.

** See footnote about total benchmark at bottom of Table 6.

Restricted Funds

Table 8 presents the 2021 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 8: Restricted Funds – Opening Balance, Income, Expenses and 2021 Yearend Balance

Restricted Fund Name	Fund Balance on 1Jan21	2021 Income	2021 Expenses	Fund Balance on 31Dec21
Refugee Settlement	44,606	4,880	-	49,489
Maintenance Reserve	7,536	-	-	7,536
Capital Accumulation	51,622	399,774*	136,310	315,086

*Includes \$243,000 added to the fund by redeeming units in the Fiera Fund

Refugee Settlement Fund

In 2021, there were no expenses in this fund. Donations received in 2021 and residual of donations from previous years will be used to support a future settlement starting in May 2022.

Maintenance Reserve Fund

This fund is used to pay for unexpected major repairs. The fund was not used in 2021.

Capital Accumulation Fund

The Capital Accumulation Fund is used to pay for major capital improvements to the church. In 2021, the fund was used to pay for:

- Repairs to church roof;
- Repairs to the church organ;
- Repairs to the church HVAC system (initial payment);
- Purchase of new chairs to replace pews in church (initial payment); and
- Bank fees on the CIBC capital accumulation bank account.

CHURCH OF THE REDEEMER

FINANCIAL STATEMENTS

DECEMBER 31, 2021

CHURCH OF THE REDEEMER
FINANCIAL STATEMENTS
DECEMBER 31, 2021

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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, 2021, 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, 2021, 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

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 audited financial statements have not been determined for the years ended December 31, 2021 and December 31, 2020.

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.

INDEPENDENT AUDITORS' REPORT (Continued)

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.

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.

INDEPENDENT AUDITORS' REPORT (Continued)

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.
- 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.

INDEPENDENT AUDITORS' REPORT (Continued)

- 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 14, 2022

CHURCH OF THE REDEEMER
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

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	General Fund 2021 \$	Capital Accumulation Fund 2021 \$	Maintenance Reserve Fund 2021 \$	Refugee Settlement Committee Fund 2021 \$	Total 2021 \$	Total 2020 \$
ASSETS						
CURRENT						
Cash	224,891	302,431	7,536	49,486	584,344	447,694
Accounts receivable	6,197	-	-	-	6,197	49,764
Government assistance receivable (Note 8)	1,979	-	-	-	1,979	26,475
Prepaid expenses	1,476	-	-	-	1,476	3,990
HST recoverable	16,727	-	-	-	16,727	20,128
Due from capital accumulation fund	-	-	-	-	-	51,789
Due from general fund	-	12,655	-	-	12,655	-
	251,270	315,086	7,536	49,486	623,378	599,840
INVESTMENTS (Note 2)						
Rectory fund	734,384	-	-	-	734,384	657,246
Church controlled investment fund	1,005,052	-	-	-	1,005,052	1,078,565
	1,739,436	-	-	-	1,739,436	1,735,811
Church property (Note 1)	1	-	-	-	1	1
	1,990,707	315,086	7,536	49,486	2,362,815	2,335,652

APPROVED ON BEHALF OF THE BOARD:

R.J. Drummond

, Chairperson

Reyto

, Treasurer

CHURCH OF THE REDEEMER
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

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	General Fund 2021 \$	Capital Accumulation Fund 2021 \$	Maintenance Reserve Fund 2021 \$	Refugee Settlement Committee Fund 2021 \$	Total 2021 \$	Total 2020 \$
LIABILITIES						
CURRENT						
Accounts payable	33,841	-	-	-	33,841	59,897
Current assessment (Note 3)	-	-	-	-	-	141,316
Deferred revenue (Note 5)	171,174	-	-	-	171,174	79,813
Deferred designated contributions (Note 6)	45,736	-	-	-	45,736	-
Due to capital accumulation fund	12,655	-	-	-	12,655	-
Due to general fund	-	-	-	-	-	51,789
	263,406	-	-	-	263,406	332,815
Deferred assessment (Note 3)	-	-	-	-	-	346,501
	263,406	-	-	-	263,406	679,316
NET ASSETS						
Total net assets	1,727,301	315,086	7,536	49,486	2,099,409	1,656,336
	1,990,707	315,086	7,536	49,486	2,362,815	2,335,652

CHURCH OF THE REDEEMER
STATEMENT OF OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

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	2021	2020
	\$	\$
REVENUES (Schedule)		
Donations and space rental	1,014,109	1,372,084
Investment income	272,586	153,876
Government assistance (Note 8)	77,744	78,996
Subsidies	6,800	5,100
Forgiveness of deferred Diocesan assessment (Note 3)	487,817	-
	1,859,056	1,610,056
EXPENSES (Schedule)		
Personnel	1,006,804	882,836
Diocesan assessment	141,316	132,696
Property	111,324	114,509
General office	88,998	87,543
Common table program	47,611	56,049
FaithWorks	30,000	30,400
Church program	15,274	23,313
	1,441,327	1,327,346
Excess of revenues over expenses from operations	417,729	282,710

CHURCH OF THE REDEEMER
STATEMENT OF OPERATIONS - RESTRICTED FUND -
CAPITAL ACCUMULATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

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	2021	2020
	\$	\$
REVENUES		
Bequest	88,064	17,209
Donation	58,710	7,020
Grant (Note 11)	10,000	-
Step into the future donations	-	1,496
	156,774	25,725
EXPENSES		
Capital expenditures	136,139	22,268
Bank and investment fees	171	178
	136,310	22,446
Excess excess of revenues over expenses for the year	20,464	3,279

CHURCH OF THE REDEEMER
STATEMENT OF OPERATIONS - RESTRICTED FUND -
MAINTENANCE RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	\$	\$
REVENUES		
Donations	-	6,100
Excess of revenues over expenses for the year	-	6,100

CHURCH OF THE REDEEMER
STATEMENT OF OPERATIONS - RESTRICTED FUND -
REFUGEE SETTLEMENT COMMITTEE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

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	2021	2020
	\$	\$
REVENUES		
Donations	4,880	32,789
EXPENSES		
Settlement support	-	10,078
Excess excess of revenues over expenses for the year	4,880	22,711

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 \$	2020 \$
UNDESIGNATED DONATIONS		
Envelopes	698,787	753,768
Bequests	-	100
	698,787	753,868
DESIGNATED DONATIONS		
Common table program	177,190	395,802
Grants (Note 11)	89,120	176,366
FaithWorks	27,110	22,262
Other	18,730	10,546
	312,150	604,976
Space rental/weddings/funerals	3,172	13,240
	1,014,109	1,372,084
SUBSIDIES		
Diocesan subsidies	6,800	5,100
GOVERNMENT ASSISTANCE		
Government assistance (Note 8)	77,744	78,996
INVESTMENT INCOME		
Capital gain on redemption	176,139	-
Unrealized gain on investments (Note 9)	70,485	127,625
Diocesan Consolidated Trust fund	25,962	26,251
	272,586	153,876

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	\$	\$
PERSONNEL		
Support staff	588,731	449,642
Clergy	233,569	268,328
Musicians	183,479	161,836
Honoraria	1,025	3,030
	1,006,804	882,836
PROPERTY		
Utilities	42,553	33,639
Insurance	29,437	25,789
Church maintenance and supplies	18,652	42,852
Contracts	10,580	10,506
Major repairs	10,102	399
Parking	-	1,324
	111,324	114,509

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	\$	\$
CHURCH PROGRAM		
Adult learning	7,258	5,861
Music	2,211	3,598
Pastoral care	1,857	736
Worship and spirituality	1,424	3,667
Hospitality	1,276	2,616
Stewardship Committee	839	-
Church school	250	1,666
Redeemer rainbow	97	-
Outreach	62	123
Youth Ministry	-	4,546
White gifts	-	297
Board of management	-	118
Advisory Board	-	85
	15,274	23,313

SCHEDULE TO STATEMENT OF OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	\$	\$
COMMON TABLE PROGRAM		
Supplies, coffee, miscellaneous	27,227	22,442
Food	15,636	23,951
Nurses supplies	2,700	3,343
Community education	1,216	-
Volunteer training & appreciation	807	3,278
Security	25	3,035
	47,611	56,049
GENERAL		
Office expenses	77,908	77,588
Legal and accounting	11,090	9,955
	88,998	87,543

CHURCH OF THE REDEEMER
STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund 2021 \$	Capital Accumulation Fund 2021 \$	Maintenance Reserve Fund 2021 \$	Refugee Settlement Committee Fund 2021 \$	Total 2021 \$	Total 2020 \$
Balance, beginning of year	1,552,572	51,622	7,536	44,606	1,656,336	1,341,536
Excess of revenues over expenses for the year	417,729	20,464	-	4,880	443,073	314,800
Interfund transfers (Note 7)	(243,000)	243,000	-	-	-	-
Balance, end of year	1,727,301	315,086	7,536	49,486	2,099,409	1,656,336
Restricted funds	-	315,086	7,536	49,486	372,108	134,164
Unrestricted funds	1,727,301	-	-	-	1,727,301	1,522,172
	1,727,301	315,086	7,536	49,486	2,099,409	1,656,336

CHURCH OF THE REDEEMER
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2021

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	General Fund 2021 \$	Capital Accumulation 2021 \$	Total 2021 \$	Total 2020 \$
CASH FROM OPERATING ACTIVITIES				
Contributions received:				
Envelopes	788,089	-	788,089	777,661
Other	18,730	-	18,730	10,546
Common table program	177,190	-	177,190	395,802
Space use/weddings	3,172	-	3,172	13,240
Bequests	-	88,064	88,064	17,309
Diocesan subsidies	6,800	-	6,800	5,100
Maintenance	-	58,710	58,710	13,120
Grants	180,481	10,000	190,481	243,204
Refugees	4,880	-	4,880	32,789
Faithworks	27,110	-	27,110	22,262
Government assistance	102,240	-	102,240	52,521
Building project	-	-	-	1,496
	1,308,692	156,774	1,465,466	1,585,050
Cash paid for:				
Suppliers and employees	(1,320,152)	(136,310)	(1,456,462)	(1,225,885)
Diocese	(141,316)	-	(141,316)	(132,696)
	(1,461,468)	(136,310)	(1,597,778)	(1,358,581)
	(152,776)	20,464	(132,312)	226,469
CASH FROM INVESTING ACTIVITIES				
Proceeds on sale Fiera units	243,000	-	243,000	-
Interest and other income	25,962	-	25,962	26,251
	268,962	-	268,962	26,251
Net change in cash	116,186	20,464	136,650	252,720
Interfund transfer	(178,556)	178,556	-	-
Cash, beginning of year	344,283	103,411	447,694	194,974
Cash, end of year	281,913	302,431	584,344	447,694

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

Use of Estimates

The preparation of the 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 those estimated. Significant financial statement items that require the use of estimates is the accrual and recognition of government assistance related to COVID-19. These estimates are reviewed regularly, and adjustments are made, as appropriate, in the statement of operations in the year they become known.

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.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

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.

Government Assistance

Government assistance is a restricted contribution and is accounted for using the deferral method based on the assistance provided.

Wage subsidies are recognized as revenue in the year the related wages are incurred.

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.

2. INVESTMENTS

Church Controlled Investment Fund

The Church-controlled investment fund currently consists of 1,110 units (2020 - 1,391 units) in Fiera Capital Ltd's Balanced Endowment Foundation Trust (EFT) Fund. In 2021, the Church sold 281 units and realized capital gain of \$176,139 on redemptions (2020 - no unit was redeemed).

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 D.C.T.F is managed by the Investment Committee of Synod based on investment principles and guidelines contained in their Investment Policy Statement. The fund uses a number of investment managers. As at December 31, 2021, the investment consists of 2,628 units (2020 - 2,628) and has a book value of \$490,882 (2020 - \$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 \$- (2020 - \$346,501). Deferred assessment includes provisions for unpaid assessment on church income and unpaid assessment on the 1993 gain.

During the 2021 fiscal year, the Church's Board of Management approached the Diocese of Toronto to propose the removal of deferred diocesan assessment liability from the Church's financial statements. Further to meeting on October 21 and November 11, 2021, The Diocese approved the proposal and confirmed that the unpaid assessment is deemed to be no longer payable to the Diocese. As a result, in fiscal year 2021, the amount has been recognized as income in the statement of operations - general fund.

Continued...

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, 2021, the line of credit was nil.

5. DEFERRED REVENUE

Deferred revenue represents the following funds for space rental services to be provided in the next fiscal year and unspent grants to be utilized in the next fiscal year.

	2021	2020
	\$	\$
Emmanuelle Gattuso Foundation	92,613	-
Nursing Service Grant	50,024	50,024
SSHA - Drop-in Indoor Space Fund	19,401	-
Daily Bread Grant	9,136	25,317
Youth Ministry Apprenticeship	-	4,472
Total	171,174	79,813

6. DEFERRED DESIGNATED CONTRIBUTIONS

Deferred designated contributions represents the restricted contributions in which the related expenses will be incurred of future periods. This amount will be recognized as revenue in the period in which the related expenses are incurred. The entire amount outstanding as at December 31, 2021 for \$45,736 is the donations related to the Reconciliation Mural Project.

Continued...

7. INTERFUND TRANSFERS

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

8. GOVERNMENT ASSISTANCE

During the fiscal year, the Church received Government assistance as follows:

	2021 \$	2020 \$
Canada Emergency Wage Subsidy (CEWS)	77,744	67,905
Temporary Wage Subsidy for Employers (TWS)	-	11,091
Total Government assistance	77,744	78,996

The CEWS serves as financial relief for a portion of employee wages. The assistance received is not repayable albeit is subject to audit by the Canada Revenue Agency (CRA). \$ 1,979 (2020: \$26,475) of the CEWS is included in the December 31, 2021 accounts receivable .

The TWS serves as reduction in the amount of payroll deductions required to be remitted to the Canada Revenue Agency (CRA). The assistance received is not repayable albeit is subject to audit by the Canada Revenue Agency (CRA). The TWS was temporary and was available from March 18, 2020 to June 19, 2020.

9. UNREALIZED GAIN ON INVESTMENTS

The unrealized gain on investments is the total change in the market value of the Rectory fund investment and the Church controlled investment from December 31, 2020 to December 31, 2021.

Continued...

10. 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 \$22,701 and include the following annual payments.

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

22,701

Xtra Mechanical Limited.

The Church entered into an agreement for a HVAC replacement with the total commitment of \$215,000 plus applicable sales tax. In fiscal year 2021, \$65,000 of the total commitment has been paid, and the remaining will be paid upon the installation of the HVAC.

New Holland Church Furniture.

The Church entered into an agreement to purchase customized chairs with the total commitment of approximately \$80,835 USD. In fiscal year 2021, \$24,250 USD of the total commitment has been paid, and the remaining will be paid upon the delivery of the chairs.

Church of the Holy Trinity.

The Church is committed to transfer \$50,024 of funds to the Church of the Holy Trinity to help paying the salary and benefits for hiring a Street Outreach Nurse which will support both churches for the period of one year. The transfer will be made in full upon the hiring of the Nurse.

Continued...

11. GRANTS

Youth Ministry Apprenticeship Program

The Church entered an agreement dated September 24, 2020 for the Youth Ministry 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 2021, \$4,472 (2020: \$2,228) of the funds were used to pay wages for the Youth Apprentice.

Curacy Grant

The Church receives a curacy subsidy from Incorporated Synod of the Diocese of Toronto. The subsidy is to be used for wages paid to the assistant curate. In fiscal year 2021, the Church received a total of \$11,668 (2020 - \$10,000).

Investing in Neighbourhoods

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 \$10,542 of assistance related to the 2021 fiscal year (2020 - \$28,018). The Church have receivable balance of \$933 as at December 31, 2021 (2020 - \$nil).

Jubilee Subsidy

In fiscal year 2020, the Church received a subsidy of \$102,160 from the Incorporated Synod of the Diocese of Toronto to provide financial assistance to the Church during the pandemic. This subsidy was provided to relieve the Church of the expense of the clergy payroll expense and allotment for the months of April, May and June 2020. No amount was received in fiscal year 2021.

Pandemic Pay Grant

In fiscal year 2020, the Church received \$10,527 in pandemic pay from the City of Toronto through the Toronto Drop-In Network (TDIN) which benefited four front-line staff working in The Common Table program for the period of April 24-August 13, 2020. No amount was received in fiscal year 2021.

11. GRANTS (Continued)

Common Table Grants

In fiscal year 2020, the Church received two grants from the Daily Bread Food Bank. The first was \$20,000 and was used for staff salaries to keep The Common Table open and available for the community. The second was \$28,750 and related to kitchen infrastructure. In fiscal year 2021, \$16,182 (2020: \$3,433) was utilized which include a \$10,000 transfer to capital accumulation fund for the purpose of HVAC replacement. The remaining \$9,136 is recorded as deferred revenue, and will be used in the next fiscal year.

Also, in fiscal year 2020, the Church received a grant of \$50,024 from La Fondation Emmanuelle Gattuso for the provision of a nurse for a 12-month period who will be engaged to provide health services from the Church on an outreach basis. It is agreed that the amount will be transferred to Church of the Holly Trinity upon hiring a Street Outreach Nurse.

In addition to above, the Church also received \$101,700 from the Foundation to cover salary costs of 2 common table staffs for 1 year starting from December 1, 2021. In fiscal year 2021, \$9,086 has been utilized to pay salaries of 2 staff. The remaining \$ \$92,614 will be used in the next fiscal year.

The City of Toronto provided a grant to fund the project to operationalize new indoor space for individual who are experiencing homelessness in the Toronto for the total of \$43,733. In fiscal year 2021, \$29,156 has been received, and \$9,755 has been used to fund Common Table program. The remaining \$19,401 will be used in the next fiscal year. The balance of the grant in the amount of \$14,577 will be received in January 2022.

The Church received grants from City of Toronto Drop-in Network for \$1,100 and \$1,315 for the purpose of surveying common table clients and act as an emergency fund related to COVID-19. Both amount has been fully utilized in fiscal year 2021.

The Common Table program also received a major anonymous donation of \$35,000, the amount has been recognized as revenue in fiscal year 2021.

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12. 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, 2021

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 (2020: \$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.

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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Church is exposed to price risk through its investments in mutual funds. The exposure to this risk fluctuates as the Organization's investment market values change from year to year. The risk exposure has increased from previous years due to the instability of the investment market as a result of the COVID-19 pandemic.

Continued...

13. IMPACT OF THE NOVEL CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared a global pandemic due to the outbreak of the novel Coronavirus ("COVID-19"). The situation is continuously developing and the economic impact has been substantial to both Canada and around the globe.

As at February 14, 2022, the Church is aware of the changes in operations as a result of the pandemic, including staff primarily working remotely and the cancellation of in-person Church services for the majority of the months in 2021. During the time of closure, the Church provided virtual services to parishioners. In addition, the Common Table program was expanded to also support people in needs through clothing on top of food resources. At the same time, the Church also changed how the service was provided such as providing the food and services outside the church building. The Church has received Government assistance including the Canada Emergency Wage Subsidy (CEWS).

The duration of the pandemic is unknown at this time. As a result, it is not possible to reliably estimate the length or severity of these developments, nor the impact on the financial position of the Church. it