

ST. MAURICE & ST. VERENA COPTIC ORTHODOX CHURCH
Financial Statements
Year Ended December 31, 2022

Nader Saad, CPA

ST. MAURICE & ST. VERENA COPTIC ORTHODOX CHURCH

Index to Financial Statements

Year Ended December 31, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

INDEPENDENT AUDITOR'S REPORT

To the Members of St. Maurice & St. Verena Coptic Orthodox Church

Qualified Opinion

I have audited the financial statements of St. Maurice & St. Verena Coptic Orthodox Church (the organization), which comprise the statement of financial position as at December 31, 2022, and the statements of revenues and expenditures, 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 my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from cash donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

(continues)

Nader Saad

Chartered Professional Accountant

Independent Auditor's Report To the Members of St. Maurice & St. Verena Coptic Orthodox Church (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

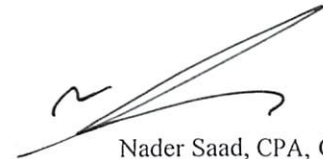
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 organization'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 organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the organization 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.

I 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 I identify during my audit.

Toronto, Ontario
June 5, 2023



Nader Saad, CPA, CA
CHARTERED PROFESSIONAL ACCOUNTANT
Licensed Public Accountant

ST. MAURICE & ST. VERENA COPTIC ORTHODOX CHURCH

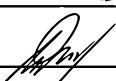
Statement of Financial Position

December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 659,895	\$ 1,588,180
Accounts receivable	80,210	57,196
Cemetery plot inventory	109,836	26,010
Harmonized sales tax recoverable	77,300	123,440
Loan receivable from Little Miracles Daycare (Note 5)	249,815	249,815
Loan receivable from Trinity Coptic Foundation (Note 5)	197,951	-
	<u>1,375,007</u>	<u>2,044,641</u>
PROPERTY, PLANT AND EQUIPMENT (Note 6)	39,380,123	40,451,113
	<u>\$ 40,755,130</u>	<u>\$ 42,495,754</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 82,465	\$ 75,760
Employee deductions payable	-	7,418
Government loans	40,000	40,000
	<u>122,465</u>	<u>123,178</u>
Members' loans (Note 7)	16,416,959	17,248,273
	<u>16,539,424</u>	<u>17,371,451</u>
Callable bank debt (Note 8)	17,652,314	18,082,792
TOTAL CURRENT LIABILITIES	34,191,738	35,454,243
NET ASSETS		
Unrealized gain (loss) on foreign exchange	(137,808)	(114,078)
General fund	6,701,200	7,155,589
	<u>6,563,392</u>	<u>7,041,511</u>
	<u>\$ 40,755,130</u>	<u>\$ 42,495,754</u>

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

Nader Saad, CPA 3

ST. MAURICE & ST. VERENA COPTIC ORTHODOX CHURCH**Statement of Revenues and Expenditures****Year Ended December 31, 2022**

	2022	2021
REVENUES		
Donations	\$ 2,775,407	\$ 2,963,606
Government grants	176,730	143,734
Rental income	485,322	347,592
Church programs revenue	326,173	295,315
Interest income	10,574	2,591
	3,774,206	3,752,838
EXPENSES		
Amortization	1,402,234	1,437,585
Member loan interest	419,999	413,150
Rental income expenses	150,039	-
Interest on long term debt	499,001	415,317
Church administration and operating expenses	343,869	343,231
Church programs and ministries	726,037	464,535
Church facilities	426,837	496,045
Clergy Expenses	298,005	267,021
	4,266,021	3,836,884
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(491,815)	(84,046)
OTHER INCOME		
Gain (loss) on foreign exchange	8,076	(6,788)
Sale of Cemetery plots	29,350	-
Special Donation	-	2,425,000
	37,426	2,418,212
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (454,389)	\$ 2,334,166

ST. MAURICE & ST. VERENA COPTIC ORTHODOX CHURCH

Statement of Changes in Net Assets

Year Ended December 31, 2022

	General Fund	Restricted Fund	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 7,155,589	\$ -	\$ 7,155,589	\$ 4,821,423
DEFICIENCY OF REVENUES OVER EXPENSES	(454,389)	-	(454,389)	2,334,166
NET ASSETS - END OF YEAR	\$ 6,701,200	\$ -	\$ 6,701,200	\$ 7,155,589

ST. MAURICE & ST. VERENA COPTIC ORTHODOX CHURCH**Statement of Cash Flows****Year Ended December 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (454,389)	\$ 2,334,166
Item not affecting cash:		
Amortization of property, plant and equipment	1,402,234	1,437,585
	947,845	3,771,751
Changes in non-cash working capital:		
Accounts receivable	(23,014)	29,376
Cemetery plot inventory	(83,826)	47,685
Accounts payable	6,706	12,564
Harmonized sales tax payable	46,140	(48,533)
Loan receivable from Little Miracles Daycare	-	50,000
Loan receivable Trinity Coptic Foundation	(197,951)	-
Employee deductions payable	(7,418)	(19,246)
	(259,363)	71,846
Cash flow from operating activities	688,482	3,843,597
INVESTING ACTIVITY		
Purchase of property, plant and equipment	(331,245)	(9,196,070)
FINANCING ACTIVITIES		
Unrealised gain (loss) on foreign exchange	(23,730)	12,418
Proceeds from long term financing	132,045	5,200,000
Proceeds (Repayment) of Member loans	(831,314)	901,497
Repayment of callable bank loan	(562,523)	(417,208)
Cash flow from (used by) financing activities	(1,285,522)	5,696,707
INCREASE (DECREASE) IN CASH FLOW	(928,285)	344,234
Cash - beginning of year	1,588,180	1,243,946
CASH - END OF YEAR	\$ 659,895	\$ 1,588,180

See notes to financial statements

Nader Saad, CPA 6

ST. MAURICE & ST. VERENA COPTIC ORTHODOX CHURCH

Notes to Financial Statements

Year Ended December 31, 2022

1. PURPOSE OF THE ORGANIZATION

St. Maurice & St. Verena Coptic Orthodox Church (the "organization") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The primary purposes of the Church are the administering of the liturgy and sacraments according to the Coptic Orthodox Church's faith, Christian education, Sunday school, spiritual meetings, bible study and other related activities.

Substantially all general donations are received from individual members and are allocated to the various projects by the board of the church.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

St. Maurice & St. Verena Coptic Orthodox Church follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Government grants

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Donated goods

Contributed goods and services are not reflected in these financial statements as the fair values of these goods and services cannot be reasonably estimated.

Volunteer services

The operations of the church depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

(continues)

ST. MAURICE & ST. VERENA COPTIC ORTHODOX CHURCH

Notes to Financial Statements

Year Ended December 31, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Buildings	25 years	straight-line method
Equipment	20%	declining balance method
Furniture and fixtures	20%	declining balance method
Iconostasis	25 years	straight-line method

The organization regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealised gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

When the organization issues financial instruments that include both a debt and equity component, the entire proceeds are allocated to the debt component, and the equity component is assigned a measurement amount of \$nil.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

Foreign currency translation

- a) monetary assets and liabilities at the rates of exchange prevailing at the balance sheet date;
- b) non-monetary items at rates prevailing when they are acquired;

Callable debt

The organization's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

Use of estimates

The Preparation of financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations, requires the board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Financial statement areas that contain estimates includes valuation of accounts receivable, useful lives of capital assets, accrued liabilities.

4. INVENTORY

The inventory of cemetery plots is held at cost and is sold to the congregation at cost.

ST. MAURICE & ST. VERENA COPTIC ORTHODOX CHURCH

Notes to Financial Statements

Year Ended December 31, 2022

5. LOANS RECEIVABLE

Loans receivable from Little Miracles Daycare; are due on demand. These loans have no specific terms or repayment or bear any interest.

Loans receivable from Trinity Coptic Foundation; are due on demand. The loans have no specific terms of repayment or bear any interest. The loans are advanced to help the Foundation to carry its work in establishing and operating a no-profit residential accomodation and incidental facilities. The loans also relate to loan advances from CMHC (see note 6 and note 8).

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 15,081,197	\$ -	\$ 15,081,197	\$ 14,897,682
Buildings	30,229,326	7,054,320	23,175,006	24,240,306
Equipment	156,447	83,299	73,148	84,449
Furniture and fixtures	2,448,178	1,850,612	597,566	750,462
Iconostasis	597,256	144,050	453,206	478,214
	\$ 48,512,404	\$ 9,132,281	\$ 39,380,123	\$ 40,451,113

On December 9, 2021 the church purchased a parcel of land located @ 17175 Yonge street, Newmarket, Ontario. The church intends to transfer the property to Trinity Coptic Foundation to establishing and operating non-profit residential accommodation and incidental facilities exclusively for persons of low income; senior citizens primarily of low or modest income; or disabled persons primarily of low or modest income (see note 5 and note 8).

7. Members loans

	2022	2021
Member loans bearing interest at up to 5% per annum, are repayable on demand. The loans mature on various dates and are unsecured. Loans are callable on demand. Many of the congregation members forgive and or donate the interest on these loans back to the church in order to help the church in its projects.	\$ 16,416,959	\$ 17,248,273
Principal due in one year	-	-
	\$ 16,416,959	\$ 17,248,273

The interest on member loans is paid after the mandatory interest and principle repayment on the credit facility (as per note 8) has been paid and is only payable after the Church has serviced its debt obligation to the bank on a monthly basis.

During the year some Members converted their loans to donations. Donations receipts were issued to those members and their promissory notes were cancelled..

ST. MAURICE & ST. VERENA COPTIC ORTHODOX CHURCH

Notes to Financial Statements

Year Ended December 31, 2022

8. Callable bank loans	2022	2021
Scotia Bank loan bearing interest at 3.775% per annum, repayable in monthly blended payments of \$72,000. The loan matures on December 22, 2025 and is secured by 1st mortgage charge on the land and building located at 3300 Hwy 7 , Markham Ontario which has a carrying value of \$12,451,491	\$ 12,451,491	\$ 12,882,792
Scotia Bank loan bearing interest at 3.57% per annum, repayable in monthly blended payments of \$26,228. The loan matures on December 8, 2023 and is secured by 1st mortgage charge on the land and building located at 3300 Hwy 7 , Markham Ontario which has a carrying value of \$5,068,778	5,068,778	5,200,000
CMHC loan bearing interest at 0% and is repayable in full at maturity. The loan matures on May 31, 2025 and is secured by 2nd Mortgage charge on the property located at 17175 Yonge Street, Newmarket, Ontario which has a carrying value of \$132,045	132,045	-
	\$ 17,652,314	\$ 18,082,792

In the opinion of the Board of Directors, the lenders will not exercise early repayment clause of the debt in the current period. Assuming early repayment of the debt is not demanded.

Principal repayment terms are approximately:

2023	\$ 352,636
2024	352,636
2025	<u>16,947,042</u>
	<u>\$ 17,652,314</u>

9. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2022.

Credit risk

The church is exposed to the normal market fluctuations of credit risk valuations when it comes to renew its borrowing facilities and mortgages.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from donors.

Market risk

Market risk is the potential for financial loss to the church from changes in the values of its financial instruments due to changes in interest rates, currency exchange and other price risks. The investments of the church are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

Currency risk

(continues)

ST. MAURICE & ST. VERENA COPTIC ORTHODOX CHURCH

Notes to Financial Statements

Year Ended December 31, 2022

9. FINANCIAL INSTRUMENTS *(continued)*

Currency risk is the risk that the value of the financial instruments denominated in non-Canadian currencies will fluctuate due to changes in foreign exchange rates. The church's currency risk is limited to donations in foreign currency and purchases in foreign currencies. there is borrowing from members in U S dollars and no investments in foreign currency.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

10. CONTINGENT LIABILITY

The organization has a line of credit with Scotiabank with a limit of \$150,000 which is secured by a general security agreement over the assets of the church. The balance as of December 31, 2022 was \$0.

The church also has a letter of credit in the amount of \$82,000, which is also secured under a general security agreement over the assets of the church. The letter of credit is in favour of the City of Markham.

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
