

SMYTHE STREET CATHEDRAL INC.
Financial Statements
Year Ended December 31, 2017

SMYTHE STREET CATHEDRAL INC.
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Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Smythe Street Cathedral Inc.

We have audited the accompanying financial statements of Smythe Street Cathedral Inc., which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Smythe Street Cathedral Inc. as at December 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Fredericton, New Brunswick
February 19, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

SMYTHE STREET CATHEDRAL INC.**Statement of Financial Position****December 31, 2017**

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 221,420	\$ 146,182
Accounts receivable	4,709	1,925
Harmonized sales tax receivable	8,144	11,011
Prepaid expenses	6,365	7,320
	240,638	166,438
CAPITAL ASSETS (Note 4)	495,526	549,523
	\$ 736,164	\$ 715,961
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 43,835	\$ 59,863
Employee deductions payable	6,631	5,938
Deferred contributions	10,930	2,500
	61,396	68,301
NET ASSETS		
General fund	590,818	593,670
Babineau memorial fund	13,990	13,990
Capital reserve fund	69,960	40,000
	674,768	647,660
	\$ 736,164	\$ 715,961

ON BEHALF OF THE BOARD_____
*President*_____
Trustee

See notes to financial statements

SMYTHE STREET CATHEDRAL INC.**Statement of Operations****Year Ended December 31, 2017**

	2017	2016
TITHES AND OFFERINGS <i>(Schedule 1)</i>	\$ 965,719	\$ 900,008
EXPENSES		
Ministry Expenses <i>(Schedule 2)</i>	617,499	585,790
Operating Expenses <i>(Schedule 3)</i>	278,299	262,790
Missions <i>(Schedule 4)</i>	62,866	55,024
	958,664	903,604
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	7,055	(3,596)
RESTRICTED INCOME AND EXPENSES		
Restricted revenue	20,053	55,873
Restricted expenses	-	(535)
	20,053	55,338
EXCESS OF REVENUE OVER EXPENSES	\$ 27,108	\$ 51,742

See notes to financial statements

SMYTHE STREET CATHEDRAL INC.
Statement of Changes in Net Assets
Year Ended December 31, 2017

	General Fund	Babineau Memorial Fund	Capital Reserve Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 593,670	\$ 13,990	\$ 40,000	\$ 647,660	\$ 595,918
EXCESS OF REVENUE OVER EXPENSES	7,055	-	20,053	27,108	51,742
TRANSFER TO CAPITAL RESERVE FUND	(9,907)	-	9,907	-	-
NET ASSETS - END OF YEAR	\$ 590,818	\$ 13,990	\$ 69,960	\$ 674,768	\$ 647,660

See notes to financial statements

SMYTHE STREET CATHEDRAL INC.**Statement of Cash Flow****Year Ended December 31, 2017**

	2017	2016
OPERATING ACTIVITIES		
Cash receipts	\$ 973,157	\$ 894,127
Cash paid	(906,192)	(825,438)
Bank interest and service charges paid	(7,300)	(9,350)
Restricted revenue	20,053	55,873
Cash flow from operating activities	79,718	115,212
INVESTING ACTIVITIES		
Purchase of capital assets	(5,555)	(33,683)
Proceeds on disposal of capital assets	1,075	3,235
Cash flow used by investing activities	(4,480)	(30,448)
FINANCING ACTIVITY		
Repayment of callable debt	-	(28,770)
INCREASE IN CASH FLOW	75,238	55,994
Cash - beginning of year	146,182	90,188
CASH - END OF YEAR	\$ 221,420	\$ 146,182

See notes to financial statements

SMYTHE STREET CATHEDRAL INC.

Notes to Financial Statements

Year Ended December 31, 2017

1. PURPOSE OF THE ORGANIZATION

Smythe Street Cathedral Inc. (the "church") is a registered charity and as such is exempt from the payment of income tax under Section 149(1) of the Income Tax Act. It operates a church in Fredericton, New Brunswick providing religious services and religious instruction in the Christian faith to its parishioners. In addition, it offers community outreach programs and provides support to missionaries in several countries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash equivalents

Highly liquid investments with maturities of one year or less at date of purchase are classified as cash equivalents.

Fund accounting

Smythe Street Cathedral Inc. follows the restricted fund method of accounting for contributions.

The General Fund accounts for the church's program delivery, administrative activities and general operations.

The Babineau Memorial Fund is an internally restricted fund created to support approved ministry activities. The fund is restricted to investments inside the church and approved investments outside the church.

The Capital Reserve Fund is an internally restricted fund created to facilitate the receipt and expenditure of funds for purposes of significant capital maintenance, repair or replacement of the church building and fixed equipment. The fund balance is expected to reach a cap of \$200,000 over a period of 5 years and will require approval of the Board of Trustees before the funds can be accessed.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund. If there is no corresponding restricted fund, restricted contributions are recognized as revenue of the general fund using the deferral method.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue of the restricted fund as it is earned.

(continues)

SMYTHE STREET CATHEDRAL INC.

Notes to Financial Statements

Year Ended December 31, 2017

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

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Land		non-amortizable
Buildings and renovations	5%	straight-line method
Equipment	20 - 33%	straight-line method
Computer software	20%	straight-line method

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Allocation of expenses

The church engages in both ministry and general operating activities. The costs of each area include the costs of wages for administrative and support staff. These costs are allocated to each function based on the percentage of time the administrative and support staff spend in each function.

Financial instruments policy

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 unrealized 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.

Contributed 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.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The church's financial instruments comprise normal working capital items. Unless otherwise noted, management believes that the fair value of all these items approximates their carrying value.

It is management's opinion that the church has no material financial exposure due to debtors failing to pay amounts owed (credit risk), or changes in commodity prices, interest rates or other market-set prices.

SMYTHE STREET CATHEDRAL INC.**Notes to Financial Statements****Year Ended December 31, 2017**

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 93,000	\$ -	\$ 93,000	\$ 93,000
Buildings and renovations	1,847,187	1,474,527	372,660	408,378
Equipment	275,908	246,375	29,533	47,012
Computer software	3,998	3,665	333	1,133
	\$ 2,220,093	\$ 1,724,567	\$ 495,526	\$ 549,523

5. CREDIT FACILITY

The church has a credit facility with Omista Credit Union, which includes an approved operating line that can be drawn upon to a maximum of \$15,000, which bears interest at prime plus 1.50%, secured by a registered general security agreement giving a first charge on all personal property, and an assignment of all perils insurance with the Credit Union named as payee.

At the statement of financial position date none of the available credit was utilized.

6. ALLOCATION OF EXPENSES

Administrative and support staff wages of \$71,541 have been allocated as follows:

	Operating expenses	Ministry expenses	Total
Administrative and support wages	\$ 20,558	\$ 50,983	\$ 71,541

7. REVENUE

	2017	2016
General revenue	\$ 965,719	\$ 900,009
Restricted revenue	20,053	55,873
	\$ 985,772	\$ 955,882

8. COMPARATIVE FIGURES

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

SMYTHE STREET CATHEDRAL INC.**Tithes and Offerings****(Schedule 1)****Year Ended December 31, 2017**

	2017	2016
General tithes and offerings	\$ 763,319	\$ 752,885
Summer programs	48,069	42,782
Missions	40,243	32,246
Care ministries	34,777	17,945
Summer student income	12,248	11,680
Student ministries	9,428	16,896
Music, creative arts, sound and lighting	7,418	9,885
Building projects, maintenance	5,326	127
Family ministries	4,931	8,798
Kitchen, food and fellowship	-	155
Life insurance proceeds	25,298	-
Other receipts	13,587	3,374
Gain on disposal of assets	1,075	3,235
	\$ 965,719	\$ 900,008

Ministry Expenses**(Schedule 2)****Year Ended December 31, 2017**

	2017	2016
Wages and benefits	\$ 419,911	\$ 379,450
Conferences and professional development	3,657	6,549
Pastoral expenses	11,418	12,783
Summer programs	54,968	46,336
Family ministries	25,757	33,738
Student ministries	21,116	34,708
Kitchen, food and fellowship	8,874	8,119
Outreach	1,370	6,896
Care ministries	37,775	24,394
Music, creative arts, sound and lighting	30,830	28,234
Visiting ministries and honoraria	1,823	4,583
	\$ 617,499	\$ 585,790

Operating Expenses**(Schedule 3)****Year Ended December 31, 2017**

	2017	2016
Wages and benefits	\$ 81,401	\$ 80,534
Maintenance, insurance and utilities	95,752	86,031
Bank, interest and service charges	7,298	8,859
Interest on collateral mortgage	-	493
Amortization	59,553	54,908
Office expenses	34,295	31,965
	\$ 278,299	\$ 262,790

See notes to financial statements

SMYTHE STREET CATHEDRAL INC.**Missions****(Schedule 4)****Year Ended December 31, 2017**

	2017	2016
Village of Hope	\$ 17,835	\$ 16,955
World Vision - Haiti	3,344	2,355
Freddy Link	589	3,149
Bridges of Canada	-	150
YWAM	7,258	3,775
ACOP - Unreached peoples groups	2,510	5,469
Miscellaneous missions	6,825	4,676
Mission Aviation	17,579	15,072
International Network of Apostolic Ministries	1,800	1,200
Prison ministries	5,126	2,223
	\$ 62,866	\$ 55,024