

SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)
Financial Statements
Year Ended December 31, 2021

SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)
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Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Smythe Street Cathedral Inc. operating as Smythe Street Church

Opinion

We have audited the financial statements of Smythe Street Cathedral Inc., operating as Smythe Street Church, (the church), 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, the accompanying financial statements present fairly, in all material respects, the financial position of the church as at December 31, 2021, 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 Opinion

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 the church in accordance with 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.

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 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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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Independent Auditor's Report to the Members of Smythe Street Cathedral Inc. *(continued)*

- 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.
- 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.



Fredericton, New Brunswick
February 27, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)
Statement of Financial Position
December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash (Note 6)	\$ 469,836	\$ 329,419
Accounts receivable	1,501	924
Harmonized sales tax receivable	10,051	6,574
Prepaid expenses	11,523	12,394
	492,911	349,311
CAPITAL ASSETS (Note 4)	457,657	482,340
INTANGIBLE ASSETS (Note 5)	4,065	2,602
RESTRICTED CASH & INVESTMENTS	213,548	150,536
	\$ 1,168,181	\$ 984,789
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 38,852	\$ 63,469
Deferred contributions (Note 6)	223,969	24,317
Employee deductions payable	11,025	11,094
	273,846	98,880
NET ASSETS		
General Fund	680,787	735,374
Babineau Memorial Fund	13,548	13,879
Capital Reserve Fund	200,000	136,656
	894,335	885,909
	\$ 1,168,181	\$ 984,789

ON BEHALF OF THE BOARD

_____ *President*

_____ *Trustee*

See notes to financial statements

SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)
Statement of Operations
Year Ended December 31, 2021

	2021	2020
REVENUES		
General revenue (Schedule 1)	\$ 998,960	\$ 988,206
EXPENSES		
Expenses (Schedule 2)	993,734	859,258
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS (Schedule 3)	5,226	128,948
RESTRICTED FUNDS INCOME		
Restricted revenue	3,531	15,162
Restricted expense	(331)	(1,000)
	3,200	14,162
EXCESS OF REVENUES OVER EXPENSES	\$ 8,426	\$ 143,110

See notes to financial statements

SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)
Statement of Changes in Net Assets
Year Ended December 31, 2021

	General Fund	Babineau Memorial Fund	Capital Reserve Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 735,374	\$ 13,879	\$ 136,656	\$ 885,909	\$ 742,799
EXCESS OF REVENUES OVER EXPENSES	5,226	(331)	3,531	8,426	143,110
TRANSFER TO CAPITAL RESERVE FUND	(59,813)	-	59,813	-	-
NET ASSETS - END OF YEAR	\$ 680,787	\$ 13,548	\$ 200,000	\$ 894,335	\$ 885,909

SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)

Statement of Cash Flows

Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Cash receipts	\$ 1,198,090	\$ 1,025,146
Cash paid to suppliers and employees	(938,833)	(779,589)
Bank and payment fees	(10,500)	(8,986)
Cash flow from operating activities	248,757	236,571
INVESTING ACTIVITIES		
Purchase of capital assets	(43,177)	(69,511)
Proceeds on disposal of capital assets	-	1,500
Purchase of intangible assets	(2,150)	(1,626)
Purchase of investments	(49,180)	(8,524)
Change in restricted cash	(13,833)	(15,200)
Cash flow used by investing activities	(108,340)	(93,361)
INCREASE IN CASH FLOW	140,417	143,210
Cash - beginning of year	329,419	186,209
CASH - END OF YEAR	\$ 469,836	\$ 329,419

SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)
Notes to Financial Statements
Year Ended December 31, 2021

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. The church offers community outreach programs and provides support to missionaries in several countries. In 2021, relief of poverty was officially added to the purposes of the organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash equivalents

Highly liquid investments with maturities of 90 days 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 reached its target of \$200,000 in 2021. The fund balance is expected to fluctuate as investment income and specific donations are received and expenditures, approved by the Board of Trustees, are withdrawn.

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.

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SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)

Notes to Financial Statements
Year Ended December 31, 2021

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

Government assistance

Government assistance provided in the form of grants and wage subsidies for current expenses is recorded as revenue in the year the related expense is incurred.

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.

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.

Unless otherwise noted, it is management's opinion that the church is not exposed to significant other price risks arising from these financial instruments.

SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)

Notes to Financial Statements
Year Ended December 31, 2021

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 93,000	\$ -	\$ 93,000	\$ 93,000
Buildings and renovations	1,934,046	1,626,255	307,791	343,279
Equipment	384,493	327,627	56,866	46,061
Computer software	3,998	3,998	-	-
	\$ 2,415,537	\$ 1,957,880	\$ 457,657	\$ 482,340

5. INTANGIBLE ASSETS

	2021	2020
Website development	\$ 5,402	\$ 3,252
Accumulated amortization	(1,337)	(650)
	\$ 4,065	\$ 2,602

6. DEFERRED CONTRIBUTIONS

	2021	2020
Fredericton Housing First Fund	\$ 219,869	\$ 20,217
Deferred Spain trip receipts	4,100	4,100
	\$ 223,969	\$ 24,317

The deferred contributions are included in cash.

7. 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.

8. REVENUE

	2021	2020
General revenue (Schedule 1)	\$ 998,960	\$ 988,206
Restricted revenue	3,531	15,162
	\$ 1,002,491	\$ 1,003,368

SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)
Notes to Financial Statements
Year Ended December 31, 2021

9. COMPARATIVE FIGURES

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

SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)

Revenues

(Schedule 1)

Year Ended December 31, 2021

	Budget (Unaudited)	2021	2020
Tithes Offerings & Miscellaneous Receipts	\$ 832,912	\$ 788,680	\$ 860,707
Government Assistance	-	40,423	51,772
Total General Receipts	832,912	829,103	912,479
Missions & Evangelism	44,500	43,472	26,723
NEXTGEN Family Ministries	6,000	8,179	6,761
Summer Camps & Programs	37,000	39,212	1,360
Care For The City	50,100	73,837	35,395
Community	18,900	3,532	898
Music & Creative Arts, Sound & Lighting	3,900	1,625	4,590
	\$ 993,312	\$ 998,960	\$ 988,206

Expenses

(Schedule 2)

Year Ended December 31, 2021

	Budget (Unaudited)	2021	2020
Payroll	\$ 502,444	\$ 509,902	\$ 498,960
General Ministry	22,850	22,365	19,730
Occupancy & Depreciation	167,189	164,398	144,162
Bank & Payment Fees	9,100	10,500	8,985
Office Expenses	37,300	40,659	37,548
Total General Expenses	738,883	747,824	709,385
Missions & Evangelism	65,800	68,920	56,405
NEXTGEN Family Ministries	24,000	24,256	20,973
Summer Camps & Programs	44,000	37,897	-
Hospitality	4,250	3,053	3,357
Care For The City	67,330	84,682	38,107
Community	22,000	6,067	2,605
Music & Creative Arts, Sound & Lighting	37,820	21,035	28,426
	\$ 1,004,083	\$ 993,734	\$ 859,258

SMYTHE STREET CATHEDRAL INC.
(Operating as Smythe Street Church)

Net Surplus (Deficit)

(Schedule 3)

Year Ended December 31, 2021

	Budget (Unaudited)	2021	2020
General Receipts & Expenses	\$ 94,029	\$ 81,279	\$ 203,094
Missions & Evangelism	(21,300)	(25,448)	(29,682)
NEXTGEN Family Ministries	(18,000)	(16,077)	(14,212)
Summer Camps & Programs	(7,000)	1,315	1,360
Hospitality	(4,250)	(3,053)	(3,357)
Care For The City	(17,230)	(10,845)	(2,712)
Community	(3,100)	(2,535)	(1,707)
Music & Creative Arts, Sound & Lighting	(33,920)	(19,410)	(23,836)
	\$ (10,771)	\$ 5,226	\$ 128,948