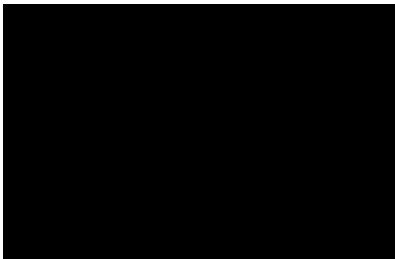
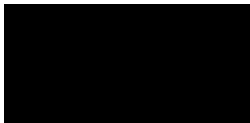


Financial Statements of

**COPTIC ORTHODOX  
PATRIARCHATE OF ALEXANDRIA  
THE CHURCH OF THE VIRGIN MARY  
AND SAINT ATHANASIUS**

And Independent Auditors' Report thereon

Year ended December 31, 2020



## INDEPENDENT AUDITORS' REPORT

To the Members of the Coptic Orthodox Patriarchate of Alexandria The Church of the Virgin Mary and Saint Athanasius

### **Qualified Opinion**

We have audited the financial statements of Coptic Orthodox Patriarchate of Alexandria The Church of the Virgin Mary and Saint Athanasius (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

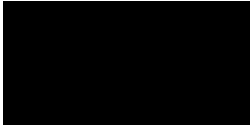
(Herein referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "**Basis for Qualified Opinion**" section of our auditors' report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Entity derives revenue from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.





Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at December 31, 2020 and 2019
- the fundraising and donation revenues and excess of revenues over expenses reported in the statements of operations for the years ended December 31, 2020 and 2019
- the net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended December 31, 2020 and 2019
- the excess of revenues over expenses reported in the statements of cash flows for the years ended December 31, 2020 and 2019.

Our opinion on the financial statements for the year ended December 31, 2019 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 qualified opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 to the financial statements, which indicates that the Entity had a negative working capital position as current liabilities exceeded current assets by approximately \$5,709,237 for the year ended December 31, 2020 and had no committed source of available funding. As stated in Note 1 in the financial statements, these conditions, along with other matters, as set forth in Note 1 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Entity to continue as a going concern.

Our opinion is not modified in respect of this matter.

**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 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 misstatements, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' 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 auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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.

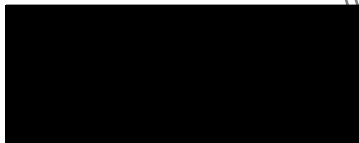
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 4

- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada



COPY

# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIOS

## Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,052,347	\$ 11,326
Accounts receivable	257,123	438,811
Prepaid expenses, deposits and inventory	402,387	802,180
	2,711,857	1,252,317
Capital assets (note 3)	69,977,867	71,786,754
	\$ 72,689,724	\$ 73,039,071
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Bank indebtedness (note 6)	\$ -	\$ 1,796,417
Accounts payable and accrued liabilities (note 4)	602,946	886,862
Members' loans payable (note 5)	6,581,221	7,288,648
Current portion of loans payable (note 7)	394,991	381,045
Deferred revenue	841,936	660,901
	8,421,094	11,013,873
Loans payable (note 7)	5,526,731	5,921,060
Deferred capital contribution (note 8)	1,401,940	1,434,000
Net assets:		
Investment in capital assets (note 9)	56,072,984	56,762,001
Unrestricted	1,266,975	(2,091,863)
	57,339,959	54,670,138
Going concern (note 1)		
	\$ 72,689,724	\$ 73,039,071

See accompanying notes to financial statements.

On [REDACTED] :  
 \_\_\_\_\_ Director  
 \_\_\_\_\_ Director

# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIOS

## Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
<b>Revenue:</b>		
Activities	\$ 6,236,272	\$ 10,663,518
Donations	6,844,949	6,919,744
Other (note 10)	2,016,242	119,353
	15,097,463	17,702,615
<b>Expenses:</b>		
Activities	7,274,274	10,190,219
Operating	2,247,098	3,517,472
Amortization of capital assets	2,303,225	2,233,495
Interest	265,084	390,984
Contributions to charities	337,623	263,618
Assistance payments	338	47,539
	12,427,642	16,643,327
<b>Excess of revenue over expenses</b>	<b>\$ 2,669,821</b>	<b>\$ 1,059,288</b>

See accompanying notes to financial statements.

# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIOS

## Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

			2020	2019
	Investment in capital assets (note 9)	Unrestricted	Total	Total
Net assets, beginning of year	\$ 56,762,001	\$ (2,091,863)	\$ 54,670,138	\$ 53,610,850
Excess (deficiency) of revenue over expenses	(2,272,983)	4,942,804	2,669,821	1,059,288
Net change in investment in capital assets	1,583,966	(1,583,966)	-	-
Net assets, end of year	\$ 56,072,984	\$ 1,266,975	\$ 57,339,959	\$ 54,670,138

See accompanying notes to financial statements.



# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIOS

## Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 2,669,821	\$ 1,059,288
Items not involving cash:		
Amortization of capital assets	2,303,225	2,233,495
Gain on disposition of capital assets	(11,174)	(1,606)
Amortization of deferred capital contributions	(32,060)	(32,060)
Change in non-cash operating working capital:		
Accounts receivable	181,688	79,687
Prepaid expenses, deposits and inventory	399,793	79,843
Accounts payable and accrued liabilities	(283,916)	(40,939)
Deferred revenue	181,035	(87,584)
	5,408,412	3,290,124
Financing activities:		
Decrease in bank indebtedness	(1,796,417)	(1,641,385)
Repayment of loans payable	(380,383)	(367,557)
Net decrease in members' loans payable	(707,427)	(515,812)
	(2,884,227)	(2,524,754)
Investing activities:		
Capital assets acquired	(496,156)	(1,150,088)
Proceeds from disposition of capital assets	12,992	24,049
	(483,164)	(1,126,039)
Increase (decrease) in cash and cash equivalents	2,041,021	(360,669)
Cash and cash equivalents, beginning of year	11,326	371,995
Cash and cash equivalents, end of year	\$ 2,052,347	\$ 11,326

See accompanying notes to financial statements.

# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIOS

Notes to Financial Statements

Year ended December 31, 2020

---

The Coptic Orthodox Patriarchate of Alexandria The Church of the Virgin Mary and Saint Athanasios (the "Church") is a religious organization, the primary purpose of which is to provide a place of worship for its congregation. The Church also provides other services for its members, including religious retreats and trips to promote its history and culture. The Church is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

## 1. Going concern:

These financial statements have been prepared on a going concern basis in accordance with Canadian accounting standards for not-for-profit organizations. The going concern basis of presentation assumes that the Church will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at December 31, 2020, the Church had an excess of current liabilities over current assets of approximately \$5,709,237 and had no committed source of available financing. These conditions have resulted in a material uncertainty that may cast significant doubt about the Church's ability to continue as a going concern.

The ability of the Church to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the continuous support of its lenders, financial support from its members and its ability to generate sufficient cash flow from operating activities. There is no certainty that these and other strategies will be sufficient to permit the Church to continue for the foreseeable future as a going concern.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments may be necessary to the carrying values of assets and liabilities, the reported expenses, and the statement of financial position classifications used.

# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIUS

Notes to Financial Statements (continued)

Year ended December 31, 2020

---

## 2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

### (a) Revenue recognition:

The Church follows the deferral method of accounting for contributions, which include donations.

Donations revenue, unrestricted or restricted but for which conditions of restrictions have been satisfied in the current year, is recorded as revenue in the year in which received.

Donations with restrictions attached by donors for which restrictions are not satisfied at the year-end date are included in deferred revenue.

Revenue from the day care, gymnasium and sales of gifts and publications is recognized when the services are provided or the goods are sold.

Interest revenue is recognized when earned.

### (b) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

### (c) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization of capital assets other than land is calculated on a straight-line basis over their estimated useful lives as follows:

---

Church, buildings, parking and building improvements	20 - 50 years
Equipment, furniture, vehicles and monument replicas	5 - 10 years

---

Assets-in-progress are not amortized until the asset is ready for use.

# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIOS

Notes to Financial Statements (continued)

Year ended December 31, 2020

---

## 2. Significant accounting policies (continued):

### (d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Church has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Church determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Church expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) Use of estimates:

The preparation of financial statements 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 date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets. Actual results could differ from those estimates.

# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIOS

Notes to Financial Statements (continued)

Year ended December 31, 2020

**3. Capital assets:**

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 11,356,391	\$ -	\$ 11,356,391	\$ 11,356,391
Land improvements	218,084	-	218,084	218,084
Church, buildings, parking and building improvements	75,544,153	18,925,658	56,618,495	58,013,219
Equipment, furniture, vehicles and monument replicas	7,427,240	6,069,197	1,358,043	2,015,056
Assets-in-progress	426,854	-	426,854	184,004
	<b>\$ 94,972,722</b>	<b>\$ 24,994,855</b>	<b>\$ 69,977,867</b>	<b>\$ 71,786,754</b>

Included in assets-in-progress are capital costs relating to renovation projects. Amortization will commence once improvements are completed.

**4. Accounts payable and accrued liabilities:**

Included in accounts payable and accrued liabilities are government remittances payable of nil (2019 - \$34,491), which includes amounts payable for payroll taxes.

**5. Members' loans payable:**

The Church has loans outstanding to its members. Certain of the members' loans bear interest at prime less 1% paid annually and are payable upon demand. Member loans are predominantly used for capital expansion purposes.

**6. Bank indebtedness:**

The Church has a demand operating line of \$2,500,000, which is available by way of regular advances or letters of guarantee up to a combined maximum of \$700,000 with an expiry date not exceeding one year from the date of issuance. Letters of guarantee in the amount of \$241,693 were outstanding at December 31, 2020 (2019 - \$261,693). The demand operating line bears interest at prime. As at December 31, 2020, advances totalled nil (2019 - \$1,796,417).

# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIOS

Notes to Financial Statements (continued)

Year ended December 31, 2020

**6. Bank indebtedness (continued):**

Bank indebtedness is secured under the same arrangement for loans payable, as described in note 7.

**7. Loans payable:**

	2020	2019
Term loan, bearing interest at 3.60%, repayable in blended monthly instalments of \$50,138, due March 17, 2023	\$ 5,921,722	\$ 6,302,105
Less current portion	394,991	381,045
	\$ 5,526,731	\$ 5,921,060

As at year end, the scheduled principal repayment is as follows:

2021	\$	394,991
2022		409,448
2023		5,117,283
		\$ 5,921,722

The loans payable are secured by collateral mortgages totalling \$34,430,000 (2019 - \$34,430,000), a general security agreement over all present and future personal property and general assignment of rents and leases.

The Church is subject to certain financial and non-financial covenants related to its operating line of credit and loans payable. As at December 31, 2020, the Church was in compliance with its covenants.

# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIOS

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 8. Deferred capital contributions:

The deferred capital contributions represents the unamortized amount of funding received for the purchase of capital assets. The amortization of capital contributions is included in donations revenue.

	2020	2019
Balance, beginning of year	\$ 1,434,000	\$ 1,466,060
Amounts amortized to revenue	(32,060)	(32,060)
<b>Balance, end of year</b>	<b>\$ 1,401,940</b>	<b>\$ 1,434,000</b>

## 9. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2020	2019
Capital assets	\$ 69,977,867	\$ 71,786,754
Amounts financed by loans payable	(5,921,722)	(6,302,105)
Amounts funded by deferred capital contributions	(1,401,940)	(1,434,000)
Amounts funded by members' loans payable	(6,581,221)	(7,288,648)
	<b>\$ 56,072,984</b>	<b>\$ 56,762,001</b>

(b) Change in net assets investment in capital assets is calculated as follows:

	2020	2019
Deficiency of revenue over expenses:		
Amortization of capital assets	\$ (2,303,225)	\$ (2,233,495)
Amortization of deferred capital contributions	32,060	32,060
Gain on disposition of capital assets	11,174	1,606
Proceeds from disposition of capital assets	(12,992)	(24,049)
	<b>\$ (2,272,983)</b>	<b>\$ (2,223,878)</b>

# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIOS

Notes to Financial Statements (continued)

Year ended December 31, 2020

**9. Investment in capital assets (continued):**

	2020	2019
Net change in investment in capital assets:		
Capital assets acquired	\$ 496,156	\$ 1,150,088
Repayment of loans payable	380,383	367,557
Decrease in members' loans payable	707,427	515,812
	\$ 1,583,966	\$ 2,033,457

**10. Government assistance:**

Included in other revenue is government assistance received by the Church under the Canada Emergency Wage Subsidy ("CEWS") program launched by the Canadian government in response to COVID-19 pandemic outlined in note 11. During the year, the Church recognized \$1,859,126 (2019 - nil) under the CEWS program, of which \$92,949 was receivable as of December 31, 2020.

**11. Financial risks and risk management:**

(a) Interest rate risk:

Bank indebtedness and loans payable bear interest at floating rates based on the bank prime rate and, as such, are subject to cash flow interest rate risk resulting from market fluctuations in interest rates. There has been no change to the risk exposures from 2019.

(b) Liquidity risk:

Liquidity risk is the risk that the Church will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Church manages its liquidity risk by monitoring its operating requirements. There has been no change to the risk exposure from 2019.



# COPTIC ORTHODOX PATRIARCHATE OF ALEXANDRIA THE CHURCH OF THE VIRGIN MARY AND SAINT ATHANASIUS

Notes to Financial Statements (continued)

Year ended December 31, 2020

---

## 11. Financial risks and risk management (continued):

### (c) General market risk:

During 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social impact. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Church is not known at this time. The Church faces continued uncertainty in the upcoming year due to the pandemic. Management is monitoring the situation closely and these impacts could include potential future decreases in revenue or cash flows.

## 12. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.