
**SANCTUARY MINISTRIES OF
TORONTO
FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Sanctuary Ministries of Toronto

Qualified Opinion

I have audited the accompanying financial statements of Sanctuary Ministries of Toronto, which comprise the statement of financial position as at December 31, 2020 and the statement of operations and changes in fund balances, statement of 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 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 Sanctuary Ministries of Toronto as at December 31, 2020, 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

In common with many charitable organizations, Sanctuary Ministries of Toronto derives revenue from 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 Sanctuary Ministries of Toronto. Therefore, I was not able to determine whether any adjustments might be necessary to recorded donations, excess of revenue over expenses, cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. My audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Sanctuary Ministries of Toronto in accordance with the 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 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 Sanctuary Ministries of Toronto'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 Sanctuary Ministries of Toronto or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Sanctuary Ministries of Toronto's financial reporting process.

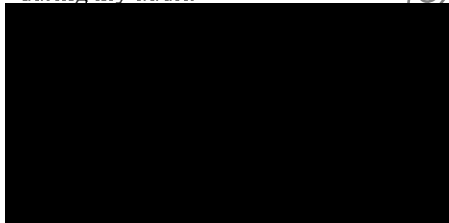
Auditor's Responsibility for the Audit of the Financial Statements

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 judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatements 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 Sanctuary Ministries of Toronto'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 Sanctuary Ministries of Toronto'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 Sanctuary Ministries of Toronto 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.



Chartered Professional Accountant
Licensed Public Accountant

Toronto, Ontario



SANCTUARY MINISTRIES OF TORONTO

STATEMENT OF FINANCIAL POSITION

As at December 31,

2020

2019

ASSETS

General Fund

Cash and short term investments (Note 4)	\$ 1,532,831	\$ 1,016,527
Accounts receivable	13,882	13,633
GST/HST receivable	16,199	7,500
Inventory (Note 2(c))	2,485	46,024
Prepaid expenses	18,289	27,549
	<u>1,583,686</u>	<u>1,111,233</u>

MOH Fund

Cash	-	-
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Capital Asset Fund

Capital (Notes 2(b) and 3)	<u>809,027</u>	<u>848,588</u>
	<u>\$ 2,392,713</u>	<u>\$ 1,959,821</u>

LIABILITIES

General Fund

Current

Accounts payable and accrued liabilities	\$ 24,974	\$ 41,852
Deferred revenue (Note 7)	<u>24,835</u>	<u>24,835</u>
	<u>49,809</u>	<u>66,687</u>

MOH Fund

Deferred revenue (Note 7)	<u>32,411</u>	-
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FUND BALANCES

General Fund	1,501,466	1,044,546
MOH Fund	-	-
Capital Asset Fund	<u>809,027</u>	<u>848,588</u>
	<u>2,310,493</u>	<u>1,893,134</u>
	<u>\$ 2,392,713</u>	<u>\$ 1,959,821</u>

Approved by the Board:

Director

Director

See accompanying notes

SANCTUARY MINISTRIES OF TORONTO

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended December 31, 2020

	Opening Balance	Revenue	Expenses	Transfers	Closing Balance
	\$	\$	\$	\$	\$
General Fund (Page 5)	1,044,546	2,869,284	2,351,451	(60,913)	1,501,466
MOH Fund (Page 6)	-	182,250	238,163	55,913	-
Capital Asset Fund (Page 6)	<u>848,588</u>	<u>-</u>	<u>44,561</u>	<u>5,000</u>	<u>809,027</u>
TOTAL FUNDS	<u>1,893,134</u>	<u>3,051,534</u>	<u>2,634,175</u>	<u>-</u>	<u>2,310,493</u>
PRIOR YEAR TOTAL FUNDS	<u>2,049,684</u>	<u>2,313,875</u>	<u>2,470,425</u>	<u>-</u>	<u>1,893,134</u>

SANCTUARY MINISTRIES OF TORONTO

GENERAL FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

For the year ended December 31,

2020

2019

REVENUE

Contributions	\$ 2,716,379	\$ 1,733,745
Rent and other (Note 5)	<u>152,905</u>	<u>399,130</u>
	<u>2,869,284</u>	<u>2,132,875</u>

EXPENSES

Wages and benefits	1,317,019	1,406,484
Programs	811,812	456,186
Office and general	46,128	56,783
Repairs and maintenance	43,541	78,334
Bank charges	26,974	13,343
Rent	21,567	66,000
Bad debts	20,776	6,200
Utilities	19,855	24,147
Insurance	18,734	20,617
Telephone	15,241	17,934
Travel and conferences	4,904	7,165
Accounting and legal	<u>4,900</u>	<u>4,100</u>
	<u>2,351,451</u>	<u>2,157,293</u>

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	517,833	(24,418)
TRANSFER TO CAPITAL ASSET FUND	(5,000)	(25,434)
TRANSFER TO MOH FUND	(55,913)	(81,040)
BALANCE - BEGINNING	<u>1,044,546</u>	<u>1,175,438</u>
BALANCE - ENDING	<u>\$ 1,501,466</u>	<u>\$ 1,044,546</u>

SANCTUARY MINISTRIES OF TORONTO**CAPITAL ASSET FUND****STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

For the year ended December 31,

2020

2019

REVENUE	\$ -	\$ -
EXPENSES		
Amortization	<u>44,561</u>	<u>51,092</u>
DEFICIENCY OF REVENUE OVER EXPENSES	(44,561)	(51,092)
TRANSFER FROM GENERAL FUND	5,000	25,434
BALANCE - BEGINNING	<u>848,588</u>	<u>874,246</u>
BALANCE - ENDING	<u>\$ 809,027</u>	<u>\$ 848,588</u>

SANCTUARY MINISTRIES OF TORONTO**MOH FUND****STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

For the year ended December 31,

2020

2019

REVENUE	\$ <u>182,250</u>	\$ <u>181,000</u>
EXPENSES		
Wages and benefits	221,777	253,384
Programs	13,554	5,674
Building	<u>2,832</u>	<u>2,982</u>
	<u>238,163</u>	<u>262,040</u>
DEFICIENCY OF REVENUE OVER EXPENSES	(55,913)	(81,040)
TRANSFER FROM GENERAL FUND	55,913	81,040
BALANCE - BEGINNING	-	-
BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>

SANCTUARY MINISTRIES OF TORONTO

STATEMENT OF CASH FLOWS

For the year ended December 31,

2020

2019

OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses
Items not involving cash:

\$ 417,359 \$ (156,550)

Amortization

44,561
461,920 51,092
(105,458)

Net change in non-cash working capital:

Accounts receivable

(249) (11,412)

GST/HST receivable

(8,699) (833)

Inventory

43,539 63,002

Prepaid expenses

9,260 (5,378)

Accounts payable and accrued liabilities

(16,878) (45,100)

Deferred revenue

32,411 (61,004)

59,384 (60,725)

521,304 (166,183)

FINANCING AND INVESTING ACTIVITIES

Purchase of capital assets

(5,000) (25,434)

NET INCREASE (DECREASE) IN CASH

516,304 (191,617)

CASH - BEGINNING

1,016,527 1,208,144

CASH - ENDING

\$ 1,532,831 \$ 1,016,527

CASH CONSISTS OF:

Cash (Note 4)

\$ 1,472,294 \$ 956,286

Cash MOH

- -

Short-term investments

60,537 60,241

\$ 1,532,831 \$ 1,016,527

Interest paid

\$ - \$ -

See accompanying notes

SANCTUARY MINISTRIES OF TORONTO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

1. PURPOSE OF THE ORGANIZATION

Sanctuary Ministries Of Toronto (the organization) is a Christian charitable organization which seeks to provide and promote personal and community health in the name of Jesus Christ. To this end, we provide relief for the needy in the form of street outreach, food and clothing programs, drop-ins, advocacy and referral services, arts and drama work-shops, basis health care and various other kinds of practical and pastoral support. We also maintain weekly church meetings which offer an opportunity to worship and receive instruction in the Christian faith.

The organization was incorporated under the Canada Corporations Act without share capital on January 1, 2001, continued under the Canada Not-For-Profit Corporations Act on September 16, 2014 and is registered as a charitable organization under paragraph 149(1)(f) of the Income Tax Act and is, therefore, exempt from income taxes.

2. 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:

(a) Fund Accounting

The organization follows the restricted fund method of accounting for contributions.

The General Fund accounts for the unrestricted and restricted contributions and other unrestricted revenues and the operating costs of the organization.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets.

The MOH Fund accounts for the restricted contributions from the Ontario Ministry of Health that is to be used for the organizations health programs.

(b) Capital Assets and Amortization

Capital assets are recorded at cost. Amortization is provided in the accounts at the following annual rates:

Furniture and equipment	20% declining balance method
Leasehold improvements	5 years straight-line method
Buildings	25 years straight-line method
Computer equipment	30% declining balance method

(c) Inventory

Inventory is valued at the lower of cost and net realizable value.

(d) Contributed Services

Volunteers contribute numerous hours per year to assist the organization in carrying out its ministries. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

SANCTUARY MINISTRIES OF TORONTO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

(e) **Use of Estimates**

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. In the opinion of management, these financial statements reflect, within reasonable limits of materiality, all adjustments necessary to fairly present the results for the years presented. Actual results could differ from these estimates. (See also Note 9.)

(f) **Accrual Accounting**

The organization utilizes the accrual method of accounting.

(g) **Financial instruments**

Measurement of Financial Instruments

The organization initially measures its financial assets and liabilities, which include cash and short term investments, accounts receivable and accounts payable and accrued liabilities, initially at fair value. Subsequently, short term investments are recorded at cost plus accrued interest. All other financial instruments are subsequently recorded net of any provisions for impairment in value.

3. CAPITAL ASSETS

Capital assets consist of the following:

	Cost	2020		2019
		Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 450,000	\$ -	\$ 450,000	\$ 450,000
Furniture and equipment	189,564	160,946	28,618	30,147
Leasehold improvements	28,807	28,807	-	-
Buildings	880,277	556,452	323,825	359,036
Computer equipment	26,302	19,718	6,584	9,405
	<u>\$ 1,574,950</u>	<u>\$ 765,923</u>	<u>\$ 809,027</u>	<u>\$ 848,588</u>

4. BANK INDEBTEDNESS

The organization has a revolving demand operating line of credit, limited to \$75,000, which is secured by a general security agreement over inventory, equipment and receivables of the organization along with a first charge over the property at [REDACTED]. The interest rate is prime plus 1%.

5. GOVERNMENT GRANTS

The organization received \$182,250 (2019 - \$181,000) from The Ontario Ministry of Health ("MOH") which was all used to offset the cost of wage and program costs of the organizations health care programs. The organization also received \$25,000 (2019 - \$nil) from the Federal Government of Canada for the 10% Temporary Wage Subsidy program.

SANCTUARY MINISTRIES OF TORONTO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

6. CAPITAL MANAGEMENT

The organization's capital consists of cash and unrestricted net assets. The organization's capital structure is intended to meet or exceed internally set capital targets while addressing the need to meet a demand for cash or fund its obligations as they come due. It monitors its capital by preparing annual budgets and monitoring actual results in comparison to budgeted amounts at regularly held Board meetings and is not subject to any externally imposed capital requirements.

7. DEFERRED REVENUE

The organization receives funds each year for projects or expenses that are not started or incurred until a future year. These amounts are recorded as deferred revenue until the expenses for which the donations were received for are incurred. It is the organizations policy to place donations received both for projects over \$10,000 and for projects lasting multiple years in the investment account as soon as possible after receiving them. At December 31, 2020 the amount invested was \$60,537 (2019 - \$60,421). Deferred revenue consists of the following:

	2020	2019
	\$	\$
Building dignity - Building renovations	24,024	24,024
Donation for house furniture	<u>811</u>	<u>811</u>
	<u>24,835</u>	<u>24,835</u>

At December 31, 2020 MOH had overpaid their contracted amount to the organization in the amount of \$32,411 (2019 - \$Nil). This amount was recovered in 2021 by reducing the first three monthly payments to the organization.

8. FINANCIAL INSTRUMENTS

Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the organization's material exposure to and concentrations of risk at December 31, 2020.

Fair Values

The carrying values of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

Credit Risk

Credit risk arises from the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum credit exposure to the organization is represented by the fair value of the amounts receivable as presented in the statement of financial position. There has been no change in the assessment of credit risk from the prior year.

Liquidity Risk

Liquidity risk relates to the risk the organization will encounter difficulties meeting obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations. There has been no change in the assessment of liquidity risk from the prior year.

SANCTUARY MINISTRIES OF TORONTO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

9. OTHER

Novel Coronavirus ("COVID-19")

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. This presents uncertainty regarding the organization's future cash flows. The impact of social distancing may significantly impact the organization's future operations. An estimate of the financial impact of the pandemic on these financial statements is not practicable and therefore no adjustments related thereto have been made.

10. SEGMENT INFORMATION

The organization had funded operations of a social purpose enterprise, operating within the organization, for which selected segmented information is presented. The enterprise was sold for the inventory value in May 2020 accordingly the 2020 figures represent four months of operations.

For the year ended December 31,	2020	2019
Revenue		
Contributions	\$ 22,579	\$ 156,302
Sales	<u>111,501</u>	<u>324,459</u>
	<u>134,080</u>	<u>480,761</u>
Expenses		
Wages and benefits	205,399	339,555
Programs	70,329	218,583
Rent	21,567	66,000
Office and general	6,657	15,104
Repairs and maintenance	3,838	699
Insurance	2,135	4,455
Bank charges and interest	1,847	4,697
Utilities	942	3,476
Telephone	563	2,010
Depreciation	-	3,060
	<u>313,277</u>	<u>657,639</u>
Deficiency of revenue over expenses	<u>(179,197)</u>	<u>(176,878)</u>
Inventory	\$ -	\$ 44,059
Capital Assets	\$ -	\$ 12,242
Total Assets	<u>\$ -</u>	<u>\$ 122,623</u>