

CHRIST CHURCH CATHEDRAL
Financial Information
Year Ended December 31, 2023

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Year Ended December 31, 2023

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PALLAN
& ASSOCIATES
— CPA —

COMPILATION ENGAGEMENT REPORT

To the Members of Christ Church Cathedral

On the basis of information provided by management, we have compiled the statement of financial position of Christ Church Cathedral as at December 31, 2023, and the statement of revenues and expenditures and changes in net assets for the year then ended, and Note 2, which describes the basis of accounting applied in the preparation of the compiled financial statements ("financial information").

Management is responsible for the accompanying financial statements, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial statements.

We have not performed an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the statements provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial statements.

Readers are cautioned that the financial statements may not be appropriate for their purposes.

Victoria, British Columbia
February 14, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

CHRIST CHURCH CATHEDRAL
Statement of Financial Position
December 31, 2023

	Total 2023	Total 2022
ASSETS		
CURRENT		
Cash	\$ 108,387	\$ 119,502
Accounts receivable	69,092	47,562
Current portion of loan receivable (Note 4)	29,108	28,109
Prepaid expenses	7,253	6,366
	<u>213,840</u>	201,539
LOAN RECEIVABLE (Note 4)	62,031	91,138
LONG-TERM INVESTMENTS (Note 5)	1,773,448	1,832,312
	<u>\$ 2,049,319</u>	<u>\$ 2,124,989</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Bank indebtedness (Note 6)	\$ 140,000	\$ -
Accounts payable and accrued liabilities	78,394	66,145
Deferred income	41,284	79,236
	<u>259,678</u>	145,381
FUND BALANCES		
Externally restricted funds (Note 7)	1,321,525	1,399,783
Unrestricted funds	468,116	579,825
	<u>1,789,641</u>	1,979,608
	<u>\$ 2,049,319</u>	<u>\$ 2,124,989</u>

The accompanying notes are an integral part of this financial information.

CHRIST CHURCH CATHEDRAL
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended December 31, 2023

	Operating Fund 2023	Externally Restricted Funds 2023	Total 2023	Total 2022
REVENUE				
Offerings, donations and grants	\$ 685,729	\$ 168,651	\$ 854,380	\$ 702,579
Bequests	1,693	-	1,693	439,650
Events and fundraising	4,027	138,368	142,395	101,402
Realized net investment income (<i>Note 8</i>)	36,172	30,932	67,104	77,271
Loan interest income	3,726	-	3,726	4,691
Facilities rentals	182,701	-	182,701	146,643
	<u>914,048</u>	<u>337,951</u>	<u>1,251,999</u>	<u>1,472,236</u>
EXPENSES				
Compensation				
Clergy and programs	236,134	-	236,134	275,408
Music	144,400	40,017	184,417	175,225
Administration	220,054	-	220,054	231,778
Custodial	136,165	-	136,165	96,465
	<u>736,753</u>	<u>40,017</u>	<u>776,770</u>	<u>778,876</u>
Diocesan Assessment	172,392	-	172,392	136,624
Ministry Expenses				
Parish programs	31,574	7,382	38,956	46,138
Music	-	280,604	280,604	192,833
Outreach initiatives	-	36,194	36,194	36,205
	<u>31,574</u>	<u>324,180</u>	<u>355,754</u>	<u>275,176</u>
Property Costs				
Insurance	-	-	-	1,590
Repairs and maintenance	32,201	-	32,201	52,851
Utilities and security	60,271	-	60,271	60,880
	<u>92,472</u>	<u>-</u>	<u>92,472</u>	<u>115,321</u>
Administration				
Advertising and communications	12,034	-	12,034	11,262
General office expenses	54,414	-	54,414	56,820
Consulting (Building for the Future)	-	184,489	184,489	62,934
Professional fees	12,473	-	12,473	25,702
Courses and clergy travel	1,148	-	1,148	2,114
	<u>80,069</u>	<u>184,489</u>	<u>264,558</u>	<u>158,832</u>
	<u>1,113,260</u>	<u>548,686</u>	<u>1,661,946</u>	<u>1,464,829</u>

(continues)

The accompanying notes are an integral part of this financial information.

CHRIST CHURCH CATHEDRAL
Statement of Revenues and Expenditures and Changes in Net Assets (continued)
Year Ended December 31, 2023

	Operating Fund 2023	Externally Restricted Funds 2023	Total 2023	Total 2022
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	(199,212)	(210,735)	(409,947)	7,407
OTHER EXPENSE				
Transfers to the Victoria Foundation (Note 9)	-	-	-	(143,962)
DEFICIENCY OF REVENUES OVER EXPENSES BEFORE UNREALIZED INVESTMENT GAINS (LOSSES)	(199,212)	(210,735)	(409,947)	(136,555)
UNREALIZED INVESTMENT GAINS (LOSSES)	87,503	132,477	219,980	(315,268)
DEFICIENCY OF REVENUE OVER EXPENSES	(111,709)	(78,258)	(189,967)	(451,823)
NET ASSETS - BEGINNING OF YEAR	579,825	1,399,783	1,979,608	2,431,431
NET ASSETS - END OF YEAR	\$ 468,116	\$ 1,321,525	\$ 1,789,641	\$ 1,979,608

The accompanying notes are an integral part of this financial information.

CHRIST CHURCH CATHEDRAL
Notes to Financial Information
Year Ended December 31, 2023

1. PURPOSE OF THE ORGANIZATION

Christ Church Cathedral (the "Cathedral") is located in Victoria, British Columbia, and is registered as a charity with the Canada Revenue Agency under registration #118787142 RR0017.

The Cathedral is part of the Anglican Synod of the Diocese of British Columbia and, as such, is governed by the constitution, canons, and regulations of the Diocese. As part of its support for the Diocese, the Parish pays the Diocesan assessment from the Operating Fund. This assessment is used to support the work of the Diocese and the provincial and national churches, both in Canada and overseas.

2. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the statement of financial position of Christ Church Cathedral as at December 31, 2023, and the statement of revenues and expenditures and changes in net assets for the year then ended is the historical cost basis and reflects cash transactions with the addition of:

- accounts receivable
 - long-term investments, which consist of a portfolio of marketable securities, recorded at fair value
 - accounts payable and accrued liabilities
 - rental revenue recorded in accordance with lease terms, if applicable, or otherwise only once the rental space has been occupied
 - contribution revenue specifically designated for a future year is recognized in that future year
-

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributed Services

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

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CHRIST CHURCH CATHEDRAL
Notes to Financial Information
Year Ended December 31, 2023

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

Revenue Recognition

Contributions are recognized as revenue in the year received unless specifically designated for a future pledged year. All externally restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Investment income is recognized as revenue in the corresponding fund that holds the investment.

Fund Accounting

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

Operating Fund

This Fund accounts for the Cathedral's administrative and operational activities, while also reporting bequests, legacies and unspecified donations received for which no restrictions are attached by the donor.

Externally Restricted Funds

Funds that are externally restricted are subject to externally imposed instructions specifying how the funds are to be used.

- i. The Building for the Future Fund is designated to collect donations made specifically for this new multi-year project for the cathedral precinct that involves the Cathedral, Diocese, and Cathedral School.
- ii. The Capital Building Fund, set up from proceeds from the sale of the Niagara Street property, is designated to provide for capital upgrades to the Cathedral's building and premises.
- iii. The Cathedral Building Fund is designated to support the upkeep of the Cathedral buildings.
- iv. The Cathedral Commons Fund is designated for the renovation and ongoing maintenance of the south lawn of the Cathedral.
- v. The Cathedral Ministry Fund is designated for particular other mission and outreach activities.
- vi. The Chancel Guild Fund is designated for the activities of the Chancel Guild including providing flowers in the Cathedral.
- vii. The Conciliation Fund is designated for the furtherance of the conciliation ministry of the Cathedral.
- viii. The David and Mary Barlow Fund is designated for improvements to the beauty and utility of the physical fabric and furnishings of the Cathedral building.

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CHRIST CHURCH CATHEDRAL
Notes to Financial Information
Year Ended December 31, 2023

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

Fund Accounting

ix. The Dean's Discretionary Fund is designated for charitable use made at the discretion of the Dean.

x. The First Nations Ministry Fund is designated to provide funding for the support of First Nations Ministry.

xi. The Guild of Change Ringers Fund is designated for the maintenance of the ring of change ringing bells in the Cathedral and activities of the Guild.

xii. The Howe Street Fund is designated as the rectory funds held by the Diocese in their Consolidated Trust Fund, and refers to the funds that were received by the Diocese and invested on behalf of the Cathedral when the Howe Street property was sold.

xiii. The Monthly Outreach Fund is designated to collect donations given for monthly outreach activities and to distribute proceeds to designated outside charitable organizations or designated Cathedral ministry programs.

xiv. The Music Fund is designated for music programs for the Cathedral.

xv. The Refugee Support Fund is designated to provide support to refugees.

xvi. The Sunday School & Youth Fund is designated for the support of Sunday School and youth programs.

xvii. The Theological Education Fund is designated to provide a bursary to approved individuals in order to advance their theological education.

xviii. The Youth Travel Fund is designated to provide for youth travelling on mission trips as approved by the Cathedral.

CHRIST CHURCH CATHEDRAL
Notes to Financial Information
Year Ended December 31, 2023

4. LOAN RECEIVABLE

	<u>2023</u>	<u>2022</u>
Christ Church Cathedral Education Society (CCCES) loan receivable bearing interest at 3.5% per annum, repayable in monthly blended payments of \$2,653.	\$ 91,139	\$ 119,247
Amounts receivable within one year	<u>(29,108)</u>	<u>(28,109)</u>
	<u>\$ 62,031</u>	<u>\$ 91,138</u>

Principal repayment terms are approximately:

2024	\$ 29,108
2025	30,144
2026	<u>31,887</u>
	<u>\$ 91,139</u>

The interest rate on the above-noted loan is subject to review and adjustment every year. The Cathedral loaned these funds to Christ Church Cathedral Education Society, an entity established by the Cathedral's parishioners, to provide a Christian education to children.

5. LONG-TERM INVESTMENTS

Long-term investments consist of two separately managed accounts: One account is managed by Jarislowsky Fraser which contains investments applicable to both the Operating Fund and the Externally Restricted Funds. The other account is held in trust by the Anglican Diocese of British Columbia on behalf of the Cathedral.

6. BANK INDEBTEDNESS

During the year, the Cathedral entered into an agreement with the Anglican Synod of the Diocese of British Columbia (the "Diocese") in order to help ensure the Cathedral has sufficient funds to meet its financial obligations. The Diocese has arranged a \$500,000 line of credit with TD Commercial Banking on behalf of the Cathedral that is secured by all of the personal property of the Diocese. Should any action be taken by TD Commercial Banking to enforce the general security agreement, recourse would be had to the personal property under the stewardship of the Cathedral.

The Cathedral is responsible for all principal, interest and other charges associated with the line of credit. Currently, the line of credit bears interest at the rate of prime plus .50% per annum.

CHRIST CHURCH CATHEDRAL
Notes to Financial Information
Year Ended December 31, 2023

7. EXTERNALLY RESTRICTED FUNDS

	Opening Balance January 1	2023 Activities			Closing Balance December 31
		Realized Revenues	Expenses	Unrealized Gains	
Building for the Future Fund	\$ 260	\$ 78	\$ -	\$ 17	\$ 355
Capital Building Fund	348,576	-	(184,489)	-	164,087
Cathedral Building Fund	2,223	159	-	315	2,697
Cathedral Commons Fund	52,458	1,832	-	7,359	61,649
Cathedral Ministry Fund	32,663	950	(15,000)	3,888	22,501
Chancel Guild Fund	11,215	6,820	(6,780)	-	11,255
Conciliation Fund	7,098	1,280	(4,663)	1,098	4,813
David and Mary Barlow Fund	15,503	541	-	2,175	18,219
Dean's Discretionary Fund	36,024	1,221	(3,523)	4,927	38,649
First Nations Ministry Fund	20,491	715	-	2,875	24,081
Guild of Change Ringers Fund	3,680	1,767	(602)	-	4,845
Howe Street Fund	359,727	-	-	31,667	391,394
Monthly Outreach Fund	5,385	13,472	(13,008)	-	5,849
Music Fund	480,208	308,269	(320,621)	74,751	542,607
Refugee Support Fund	1,620	56	-	227	1,903
Sunday School & Youth Fund	14,628	511	-	2,052	17,191
Theological Education Fund	3,379	118	-	474	3,971
Youth Travel Fund	4,645	162	-	652	5,459
	\$ 1,399,783	\$ 337,951	\$ (548,686)	\$ 132,477	\$ 1,321,525

8. REALIZED NET INVESTMENT INCOME

	2023	2022
Net realized income and gains on investments	\$ 43,013	\$ 34,430
Consolidated Trust Fund dividends	14,955	35,955
Victoria Foundation endowment grants	9,136	6,886
	\$ 67,104	\$ 77,271

CHRIST CHURCH CATHEDRAL
Notes to Financial Information
Year Ended December 31, 2023

9. ENDOWMENT FUND

During the year, payments totaling \$0 (2022 - \$143,962) were made to the Victoria Foundation. There are two endowment funds held by the Victoria Foundation for the benefit of the Cathedral:

An amount of \$0 (2022 - \$133,462) was transferred to the Christ Church Cathedral Fund, of which \$0 (2022 - \$23,050) was an outstanding payable as at year-end. As at December 31, 2023, the fair market value of this fund was \$233,760 (2022 - \$185,915). Income from the Fund for the year was \$2,504 (2022 - \$1,840) which is recorded under Realized net investment income.

An amount of \$0 (2022 - \$10,500) was transferred to the Christ Church Cathedral Music Endowment Fund. As at December 31, 2023, the fair market value of this fund was \$317,578 (2022 - \$167,274). Income from the Fund for the year was \$6,632 (2022 - \$5,046) which is recorded under Realized net investment income.
