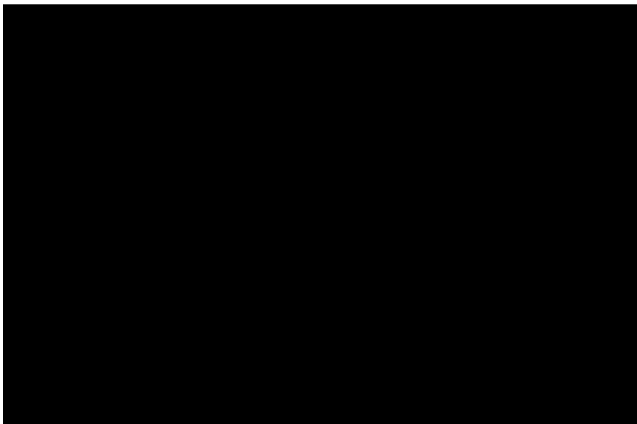


Financial Statements of

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

And Independent Auditor's Report thereon

Year ended December 31, 2022



## INDEPENDENT AUDITOR'S 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, 2022
- 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 auditor's report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, 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, 2022 and 2021
- the fundraising and donation revenues and excess of revenues over expenses reported in the statements of operations for the years ended December 31, 2022 and 2021
- 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, 2022 and 2021
- the excess of revenues over expenses reported in the statements of cash flows for the years ended December 31, 2022 and 2021.

Our opinion on the financial statements for the year ended December 31, 2021 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 "**Auditor's Responsibilities for the Audit of Financial Statements**" section of our auditor's 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.

### **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.

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

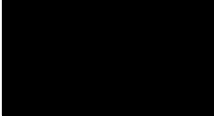
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

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.
- 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 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 Entity to cease to continue as a going concern.



Page 4

- 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



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

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,335,108	\$ 6,602,855
Accounts receivable	478,035	302,782
Prepaid expenses, deposits and inventory	401,768	533,015
Derivative instrument (note 6)	319,811	24,727
	9,534,722	7,463,379
Capital assets (note 2)	68,575,686	68,813,160
	\$ 78,110,408	\$ 76,276,539
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 1,253,282	\$ 1,191,457
Members' loans payable (note 4)	6,297,155	6,783,581
Current portion of loan payable (note 6)	440,531	428,235
Deferred revenue	217,825	148,553
	8,208,793	8,551,826
Loan payable (note 6)	4,674,993	5,115,524
Deferred capital contributions (note 7)	901,020	923,480
Net assets:		
Investment in capital assets (note 8)	56,261,987	55,562,340
Unrestricted	8,063,615	6,123,369
	64,325,602	61,685,709
	\$ 78,110,408	\$ 76,276,539

See accompanying notes to financial statements.

On behalf of the Board:

[REDACTED] \_\_\_\_\_ Director  
 \_\_\_\_\_ Director

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

## Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
<b>Revenue:</b>		
Activities	\$ 9,615,224	\$ 7,724,945
Donations	7,793,749	8,278,026
Other (note 9)	544,323	1,275,549
	17,953,296	17,278,520
<b>Expenses:</b>		
Activities	9,661,066	7,489,385
Operating	2,941,041	2,789,402
Amortization of capital assets	2,251,960	2,159,070
Interest	234,633	249,390
Contributions to charities	208,059	230,232
Assistance payments	16,644	15,291
	15,313,403	12,932,770
<b>Excess of revenue over expenses</b>	<b>\$ 2,639,893</b>	<b>\$ 4,345,750</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, 2022, with comparative information for 2021

	2022		2021	
	Investment in capital assets (note 8)	Unrestricted	Total	Total
Net assets, beginning of year	\$ 55,562,340	\$ 6,123,369	\$ 61,685,709	\$ 57,339,959
Excess (deficiency) of revenue over expenses	(2,229,500)	4,869,393	2,639,893	4,345,750
Net change in investment in capital assets	2,929,147	(2,929,147)	-	-
Net assets, end of year	\$ 56,261,987	\$ 8,063,615	\$ 64,325,602	\$ 61,685,709

See accompanying notes to financial statements.



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

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 2,639,893	\$ 4,345,750
Items not involving cash:		
Amortization of capital assets	2,251,960	2,159,070
Gain on disposition of capital assets	-	(215,384)
Gain on derecognition of deferred capital contributions	-	(456,000)
Amortization of deferred capital contributions	(22,460)	(22,460)
Unrealized gain related to mark-to-market adjustment of derivative instrument	(295,084)	(24,727)
Change in non-cash operating working capital:		
Accounts receivable	(175,253)	(45,659)
Prepaid expenses	131,247	(130,628)
Accounts payable and accrued liabilities	61,825	588,511
Deferred revenue	69,272	(693,383)
	4,661,400	5,505,090
Financing activities:		
Proceeds from loan payable	-	5,888,155
Repayment of loan payable	(428,235)	(6,266,118)
Increase (decrease) in members' loans payable	(486,426)	202,360
	(914,661)	(175,603)
Investing activities:		
Capital assets acquired	(2,014,486)	(1,516,449)
Proceeds from disposition of capital assets	-	737,470
	(2,014,486)	(778,979)
Increase in cash and cash equivalents	1,732,253	4,550,508
Cash and cash equivalents, beginning of year	6,602,855	2,052,347
Cash and cash equivalents, end of year	\$ 8,335,108	\$ 6,602,855

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, 2022

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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. 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.

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

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (c) Capital assets:

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

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

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

### (d) Impairment of capital assets:

Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Church's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital assets are less than their net carrying amounts.

### (e) 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.

### (f) 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.

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

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

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.

The Church uses an interest rate swap to manage interest rate volatility on its non-revolving loan. The Church does not account for its interest rate swap as a hedge for accounting purposes and, as a result, records the instrument on a mark-to-market basis with resulting gains and losses recognized in the statement of operations.

### (g) 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. 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, 2022

## 2. Capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 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	76,222,870	21,941,670	54,281,200	55,098,497
Equipment, furniture, vehicles and monument replicas	8,552,791	7,282,944	1,269,847	1,390,915
Construction in progress	1,450,164	-	1,450,164	749,273
	<u>\$ 97,800,300</u>	<u>\$ 29,224,614</u>	<u>\$ 68,575,686</u>	<u>\$ 68,813,160</u>

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

## 3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,923 (2021 - \$137,813), which includes amounts payable for payroll taxes.

## 4. 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.

## 5. Bank indebtedness:

The Church has a demand operating line of \$4,000,000, which is available by way of operating credit line, letters of guarantee or standby letters of credit 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, 2022 (2021 - \$241,693). The demand operating line bears interest at prime. As at December 31, 2022, advances totalled nil (2021 - nil).

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

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

Bank indebtedness is secured under the same arrangement for loan payable, as described in note 6.

**6. Loan payable:**

	2022	2021
Non-revolving loan, bearing interest at bankers' acceptance rate plus 1.25%, repayable in equal monthly installments, due February 15, 2026	\$ 5,115,524	\$ 5,543,759
Less current portion	440,531	428,235
	\$ 4,674,993	\$ 5,115,524

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

2023		\$ 440,531
2024		452,483
2025		465,310
2026		3,757,200
		\$ 5,115,524

The loan payable are secured by collateral mortgages totalling \$34,430,000 (2021 - \$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 loan payable. As at December 31, 2022, 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, 2022

**6. Loan payable (continued):**

The Church entered into an interest rate swap transaction agreement with the same lender in relation to the non-revolving loan described above in order to manage interest rate volatility on an initial notional amount of \$5,890,275 for a fixed rate of 1.60%. The swap agreement has an expiry date of January 28, 2026. The mark to market value of this instrument at year-end was \$319,811 (2021 - \$24,727). The Church determined fair value using quotes from a major financial institution derivative dealer. The outstanding notional amount as at December 31, 2022 was \$5,115,524.

**7. 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.

	2022	2021
Balance, beginning of year	\$ 923,480	\$ 1,401,940
Gain on derecognition of deferred capital contributions related to sale of building	-	(456,000)
Amounts amortized to revenue	(22,460)	(22,460)
<b>Balance, end of year</b>	<b>\$ 901,020</b>	<b>\$ 923,480</b>

**8. Investment in capital assets:**

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

	2022	2021
Capital assets	\$ 68,575,686	\$ 68,813,160
Amounts financed by loans payable	(5,115,524)	(5,543,759)
Amounts funded by deferred capital contributions	(901,020)	(923,480)
Amounts funded by members' loans payable	(6,297,155)	(6,783,581)
	<b>\$ 56,261,987</b>	<b>\$ 55,562,340</b>

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

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 8. Investment in capital assets (continued):

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

	2022	2021
Deficiency of revenue over expenses:		
Amortization of capital assets	\$ (2,251,960)	\$ (2,159,070)
Amortization of deferred capital contributions	22,460	22,460
Gain on disposition of capital assets	-	215,384
Proceeds from disposition of capital assets	-	(737,470)
Gain on derecognition of deferred capital contributions	-	456,000
	<u>\$ (2,229,500)</u>	<u>\$ (2,202,696)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 2,014,486	\$ 1,516,449
Repayment of loan payable	428,235	377,963
Net change in members' loans payable	486,426	(202,360)
	<u>\$ 2,929,147</u>	<u>\$ 1,692,052</u>

## 9. 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. During the year, the Church recognized nil (2021 - \$770,695) under the CEWS program.

## 10. 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. The Church uses an interest rate swap to reduce its interest rate risk associated with the non-revolving loan.



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

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

### (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 2021.