
**SANCTUARY MINISTRIES OF
TORONTO
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

INDEX

- Page 1- 2. Independent Auditor's Report
3. Statement of Financial Position
4. Statement of Changes in Fund Balances
5. Statement of Operations and Changes
in Fund Balance - General Fund
6. Statement of Operations and Changes
in Fund Balance - Capital Asset Fund and
MOH Fund
7. Statement of Cash Flows
- 8-10. Notes to Financial Statements

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, 2023 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, 2023, 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. My audit opinion on the financial statements for the year ended December 31, 2022 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.

24 (1)

SANCTUARY MINISTRIES OF TORONTO

STATEMENT OF FINANCIAL POSITION

As at December 31,

2023

2022

ASSETS

General Fund

Cash and short term investments (Note 4)	\$ 1,245,389	\$ 1,617,510
Accounts receivable	-	2,028
GST/HST receivable	24,926	13,580
Inventory (Note 2(c))	2,189	2,264
Prepaid expenses	24,266	90,195
	<u>1,296,770</u>	<u>1,725,577</u>

MOH Fund

Cash	-	-
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Capital Asset Fund

Capital (Notes 2(b) and 3)	<u>880,456</u>	<u>845,631</u>
	<u>\$ 2,177,226</u>	<u>\$ 2,571,208</u>

LIABILITIES

General Fund

Current

Accounts payable and accrued liabilities	\$ 65,053	\$ 88,496
Deferred revenue (Note 7)	<u>811</u>	<u>24,835</u>
	<u>65,864</u>	<u>113,331</u>

FUND BALANCES

General Fund	1,230,906	1,612,246
MOH Fund	-	-
Capital Asset Fund	<u>880,456</u>	<u>845,631</u>
	<u>2,111,362</u>	<u>2,457,877</u>
	<u>\$ 2,177,226</u>	<u>\$ 2,571,208</u>

Approved by the Board:

Director

Director

See accompanying notes

- 3 -

SANCTUARY MINISTRIES OF TORONTO

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended December 31, 2023

	Opening Balance	Revenue	Expenses	Transfers	Closing Balance
	\$	\$	\$	\$	\$
General Fund (Page 5)	1,612,246	1,824,087	2,107,138	(98,289)	1,230,906
MOH Fund (Page 6)	-	182,500	217,403	34,903	-
Capital Asset Fund (Page 6)	<u>845,631</u>	<u>24,024</u>	<u>52,585</u>	<u>63,386</u>	<u>880,456</u>
TOTAL FUNDS	<u>2,457,877</u>	<u>2,030,611</u>	<u>2,377,126</u>	<u>-</u>	<u>2,111,362</u>
PRIOR YEAR TOTAL FUNDS	<u>2,614,948</u>	<u>2,159,925</u>	<u>2,316,996</u>	<u>-</u>	<u>2,457,877</u>

See accompanying notes

- 4 -

SANCTUARY MINISTRIES OF TORONTO

GENERAL FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

For the year ended December 31,

2023

2022

REVENUE

Contributions	\$ 1,770,098	\$ 1,922,940
Rent and other (Note 5)	<u>53,989</u>	<u>34,485</u>
	<u>1,824,087</u>	<u>1,957,425</u>

EXPENSES

Wages and benefits	1,281,811	1,177,157
Programs	497,020	621,130
Office and general	97,448	51,009
Accounting and legal	91,730	11,349
Repairs and maintenance	52,620	41,943
Utilities	21,630	18,957
Insurance	17,727	16,716
Bank charges	16,227	17,146
Telephone	14,919	14,464
Bad debts	13,590	14,428
Travel and conferences	<u>2,416</u>	<u>5,061</u>
	<u>2,107,138</u>	<u>1,989,360</u>

DEFICIENCY OF REVENUE OVER EXPENSES (283,051) (31,935)

TRANSFER TO CAPITAL ASSET FUND (63,386) (16,889)

TRANSFER TO MOH FUND (34,903) (77,262)

BALANCE - BEGINNING 1,612,246 1,738,332

BALANCE - ENDING \$ 1,230,906 \$ 1,612,246

See accompanying notes

- 5 -

SANCTUARY MINISTRIES OF TORONTO

CAPITAL ASSET FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

For the year ended December 31,

2023

2022

REVENUE	\$ 24,024	\$ -
EXPENSES		
Amortization	52,585	47,874
DEFICIENCY OF REVENUE OVER EXPENSES	(28,561)	(47,874)
TRANSFER FROM GENERAL FUND	63,386	16,889
BALANCE - BEGINNING	845,631	876,616
BALANCE - ENDING	\$ 880,456	\$ 845,631

SANCTUARY MINISTRIES OF TORONTO

MOH FUND

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

For the year ended December 31,

2023

2022

REVENUE (Note 5)	\$ 182,500	\$ 202,500
EXPENSES		
Wages and benefits	205,130	262,339
Programs	9,165	14,147
Building	3,108	3,276
	217,403	279,762
DEFICIENCY OF REVENUE OVER EXPENSES	(34,903)	(77,262)
TRANSFER FROM GENERAL FUND	34,903	77,262
BALANCE - BEGINNING	-	-
BALANCE - ENDING	\$ -	\$ -

See accompanying notes

- 6 -

SANCTUARY MINISTRIES OF TORONTO

STATEMENT OF CASH FLOWS

For the year ended December 31,

2023

2022

OPERATING ACTIVITIES

Deficiency of revenues over expenses

\$ (346,515)

\$ (157,071)

Items not involving cash:

Amortization

52,585

47,874

(293,930)

(109,197)

Net change in non-cash working capital:

Accounts receivable

2,028

4,060

GST/HST receivable

(11,346)

6,849

Inventory

75

(62)

Prepaid expenses

65,929

(74,034)

Accounts payable and accrued liabilities

(23,443)

(37,567)

Deferred revenue

(24,024)

-

9,219

(100,754)

(284,711)

(209,951)

FINANCING AND INVESTING ACTIVITIES

Purchase of capital assets

(87,410)

(16,889)

NET DECREASE IN CASH

(372,121)

(226,840)

CASH - BEGINNING

1,617,510

1,844,350

CASH - ENDING

\$ 1,245,389

\$ 1,617,510

CASH CONSISTS OF:

Cash (Note 4)

\$ 510,022

\$ 1,555,857

Short-term investments

735,367

61,653

\$ 1,245,389

\$ 1,617,510

Interest paid

\$ -

\$ -

See accompanying notes

- 7 -

SANCTUARY MINISTRIES OF TORONTO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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, basic 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, 2023

(e) **Short term Investments**

Short term investments consist of interest bearing investments with maturities of up to one year.

(f) **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.

(g) **Accrual Accounting**

The organization utilizes the accrual method of accounting.

(h) **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:

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 450,000	\$ -	\$ 450,000	\$ 450,000
Furniture and equipment	216,582	181,738	34,844	25,425
Leasehold improvements	28,807	28,807	-	-
Buildings	1,072,661	679,308	393,353	366,979
Computer equipment	26,302	24,043	2,259	3,227
	<u>\$ 1,794,352</u>	<u>\$ 913,896</u>	<u>\$ 880,456</u>	<u>\$ 845,631</u>

4. BANK INDEBTEDNESS

The organization has a revolving demand operating line of credit, limited to \$225,000, 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 ^{24 (1)} [redacted]. The interest rate is prime plus 1%.

5. GOVERNMENT GRANTS

The organization received \$182,500 (2022 - \$202,500) 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.

SANCTUARY MINISTRIES OF TORONTO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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, 2023 the amount invested was \$735,347 (2022 - \$61,653). Deferred revenue consists of the following:

	2023	2022
	\$	\$
Building dignity - Building renovations	-	24,024
Donation for house furniture	<u>811</u>	<u>811</u>
	<u>811</u>	<u>24,835</u>

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, 2023.

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.