

FINANCIAL STATEMENTS

CHRIST CHURCH DEER PARK

December 31, 2023

Christ Church Deer Park
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December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To members of the Vestry of
Christ Church Deer Park:

Qualified Opinion

I have audited the accompanying financial statements of Christ Church Deer Park, which comprise the statement of financial position as at December 31, 2023 and the statements of changes in fund balances, revenue and expenses, and 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 possible 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 Christ Church Deer Park as at December 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Christ Church Deer Park derives revenue from givings, the completeness of which is not susceptible to my obtaining evidence I considered necessary for the purpose of the audit. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the accounts of Christ Church Deer Park. Therefore, I was unable to determine whether any adjustments might have been found necessary with respect to revenue, excess of revenue over expenses and cash flows from operations for the years ended December 31, 2023 and 2021, current assets as at December 31, 2023 and 2021, and fund balances as at January 1 and December 31 for both the 2022 and 2021 year-ends. My conclusion on the financial statements as at and for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the not-for-profit in accordance with the ethical requirements that are relevant to my audit of 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 opinion.

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INDEPENDENT AUDITOR'S REPORT

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted 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 the not-for-profit'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 not-for-profit or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the not-for-profit's financial reporting process.

Auditor's Responsibilities 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 skepticism throughout the audit. I 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 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.

MAUREEN A. PARRY PROFESSIONAL CORPORATION

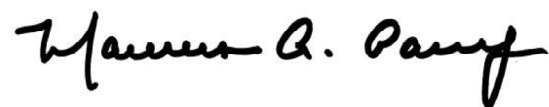
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INDEPENDENT AUDITOR'S REPORT

- 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 not-for-profit'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 not-for-profit'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 the not-for-profit 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.



Toronto, Ontario
February 8, 2024

CPA, CA, Professional Corporation
Authorized to practice public accounting by
The Chartered Professional Accountants of Ontario

Christ Church Deer Park
STATEMENT OF FINANCIAL POSITION

December 31	Operating Fund		Restricted Funds				Total Funds	
	2023	2022	Investment Fund		Other		2023	2022
			2023	2022	2023	2022		
	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS								
Cash	46,366	81,450	41,613	31,479			87,979	112,929
Cash restricted for refugees	98,157	143,496					98,157	143,496
Accounts receivable	10,554	13,376					10,554	13,376
Accrued interest		82	1	575			1	657
Prepaid expenses	3,072	1,352					3,072	1,352
Due from Other Funds	104	5,319			1,000		1,104	5,319
	<u>158,253</u>	<u>245,075</u>	<u>41,614</u>	<u>32,054</u>	<u>1,000</u>		<u>200,867</u>	<u>277,129</u>
Investments [note 3]	260,579	238,258	1,631,109	1,643,133	1,355,034	1,231,750	3,246,722	3,113,141
Property and equipment [note 4]					1,044,802	1,101,196	1,044,802	1,101,196
	<u>418,832</u>	<u>483,333</u>	<u>1,672,723</u>	<u>1,675,187</u>	<u>2,400,836</u>	<u>2,332,946</u>	<u>4,492,391</u>	<u>4,491,466</u>
LIABILITIES AND FUND BALANCES								
Accounts payable	25,905	27,567					25,905	27,567
Due to Other Funds			1,104	5,319			1,104	5,319
Deferred revenue -								
Our Faith Our Hope [note 6]	158,428	187,194					158,428	187,194
Ministry [note 7]	47,492	51,146					47,492	51,146
Refugee funds [note 8]	98,157	143,496					98,157	143,496
Other	150,301	138,505					150,301	138,505
	<u>480,283</u>	<u>547,908</u>	<u>1,104</u>	<u>5,319</u>			<u>481,387</u>	<u>553,227</u>
Fund balances								
Invested in property and equipment					1,045,802	1,101,196	1,045,802	1,101,196
Internally restricted - Investment			1,671,619	1,669,868			1,671,619	1,669,868
Externally restricted - Rectory					1,355,034	1,231,750	1,355,034	1,231,750
Unrestricted	(61,451)	(64,575)					(61,451)	(64,575)
	<u>(61,451)</u>	<u>(64,575)</u>	<u>1,671,619</u>	<u>1,669,868</u>	<u>2,400,836</u>	<u>2,332,946</u>	<u>4,011,004</u>	<u>3,938,239</u>
	<u>418,832</u>	<u>483,333</u>	<u>1,672,723</u>	<u>1,675,187</u>	<u>2,400,836</u>	<u>2,332,946</u>	<u>4,492,391</u>	<u>4,491,466</u>

see accompanying notes

On behalf of the churchwardens:

People's Warden

Rector's Warden

Christ Church Deer Park
STATEMENT OF CHANGES IN FUND BALANCES

December 31	<u>Operating Fund</u>		<u>Restricted Funds</u>				<u>Total Funds</u>	
	2023	2022	<u>Investment Fund</u>		<u>Other</u>		2023	2022
			2023	2022	2023	2022		
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	(64,575)		1,669,868	1,895,560	2,332,946	2,514,272	3,938,239	4,409,832
Excess (deficiency) of revenue over expenses	(144,477)	(110,586)	149,352	(191,789)	67,890	(169,218)	72,765	(471,593)
Interfund transfers [note 9]	151,593	90,528	(151,593)	(90,528)			NIL	NIL
Transfer of bequests [note 9]	(3,992)	(56,625)	3,992	56,625			NIL	NIL
Contribution by St. Andrew's		12,108				(12,108)	NIL	NIL
Balance, end of year	(61,451)	(64,575)	1,671,619	1,669,868	2,400,836	2,332,946	4,011,004	3,938,239

see accompanying notes

Christ Church Deer Park
STATEMENT OF REVENUE AND EXPENSES

December 31	Operating Fund		Restricted Funds				Total Funds	
	2023	2022	Investment Fund		Other		2023	2022
			2023	2022	2023	2022		
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Congregational givings [note 10]	467,412	589,289			1,000		468,412	589,289
Other	176,204	83,882					176,204	83,882
Property use donations	155,816	102,669					155,816	102,669
Our Faith Our Hope [note 6]	46,410	13,458					46,410	13,458
Diocesan Curacy Grant	42,205	20,000					42,205	20,000
Moore Family Challenge - Capital Fund capital projects					26,139	38,208	26,139	38,208
Ministry [note 7]	8,475						8,475	
Bequests [note 9]	5,322	75,500					5,322	75,500
Diocesan Jubilee Credit		12,513						12,513
Government COVID subsidies		1,049						1,049
Investment income -								
Interest and dividends [note 11]	57,189	56,701	49,425	38,973		299	106,614	95,973
Realized gains on sale of investments			(6,805)	(48,662)		(376)	(6,805)	(49,038)
	<u>959,033</u>	<u>955,061</u>	<u>42,620</u>	<u>(9,689)</u>	<u>27,139</u>	<u>38,131</u>	<u>1,028,792</u>	<u>983,503</u>
EXPENSES								
Salaries	640,977	647,564					640,977	647,564
Diocesan assessment	140,718	150,160					140,718	150,160
Outreach	90,018	17,370					90,018	17,370
Utilities, tax and insurance	88,139	88,339					88,139	88,339
General and administrative	50,105	61,055					50,105	61,055
Repairs and maintenance	47,202	61,613					47,202	61,613
Worship supplies	38,069	29,450					38,069	29,450
Music program	3,162	2,641					3,162	2,641
Christian education	2,705	5,763					2,705	5,763
Discretionary	2,415	1,692					2,415	1,692
	<u>1,103,510</u>	<u>1,065,647</u>					<u>1,103,510</u>	<u>1,065,647</u>
Excess (deficiency) of revenue over expenses before other	(144,477)	(110,586)	42,620	(9,689)	27,139	38,131	(74,718)	(82,144)
Other								
Amortization of property and equipment					(82,533)	(81,065)	(82,533)	(81,065)
Change in ending fair value of investments			106,732	(182,100)	123,284	(126,284)	230,016	(308,384)
Excess (deficiency) of revenue over expenses for the year	(144,477)	(110,586)	149,352	(191,789)	67,890	(169,218)	72,765	(471,593)

see accompanying notes

Christ Church Deer Park
STATEMENT OF CASH FLOWS

Year ended December 31	2023	2022
	\$	\$
CASH FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	72,765	(471,593)
Items not requiring an outlay of cash -		
Amortization of property and equipment	82,533	81,065
Realized loss on sale of investments	7,786	60,704
Change in ending fair value of investments	<u>(230,016)</u>	<u>308,384</u>
	(66,932)	(21,440)
Changes in non-cash working capital items -		
Accounts receivable	2,822	6,584
Accrued interest	656	5
Prepaid expenses	(1,720)	(224)
Accounts payable	(1,662)	(68,821)
Deferred revenue	<u>(65,963)</u>	<u>(21,325)</u>
	<u>(132,799)</u>	<u>(105,221)</u>
INVESTING ACTIVITIES		
Proceeds on sale of investments	452,505	516,364
Purchase of investments	(363,856)	(407,630)
Purchase of property and equipment	<u>(26,139)</u>	<u>(38,208)</u>
	<u>62,510</u>	<u>70,526</u>
Net change in cash during the year	(70,289)	(34,695)
Cash, beginning of year	256,425	291,120
Cash, end of year	186,136	256,425
CASH CONSISTS OF:		
Cash	87,979	112,929
Cash restricted for refugees	98,157	143,496
	<u>186,136</u>	<u>256,425</u>

see accompanying notes

Christ Church Deer Park

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

PURPOSE OF ORGANIZATION

Christ Church Deer Park (the "Church"), a corporation under the Church Temporalities Act, was founded in 1870. As a registered charity under the Canadian Income Tax Act, it is not subject to tax.

Christ Church Deer Park is a Christian community within the Anglican Church. The congregation serves God as revealed in Jesus Christ providing a spiritual home where all may come to seek redemption and hope, meaning and acceptance. Inspired by the Holy Spirit, the congregation worships God and celebrates God's blessings with thoughtfulness and joy; and they commit themselves to serve others with compassion and love, courage and humility.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards are in accordance with Canadian generally accepted accounting principles and include the following significant policies:

Financial instruments

The Church initially measures its financial assets and liabilities at fair value. Subsequently financial assets and liabilities are measured at amortized cost, except for investments in marketable securities that are quoted in an active market which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenses. Transaction costs that are directly attributable to the acquisition of investments are recognized in net income in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable and accrued interest.

Financial liabilities measured at amortized cost include accounts payable.

The Church's financial assets measured at fair value include investments that are quoted in an active market.

Property and equipment

Property and equipment in excess of \$1,000 are capitalized at cost. Amortization is provided on a straight line basis over the useful life of the assets, as follows:

Buildings	40 years
Building renovations	30 years
Organ and pianos	30 years
Furniture, fixtures and equipment	10 years

Christ Church Deer Park
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Church follows the restricted method of accounting for contributions whereby donations are recorded to a restricted fund according to the directions of the donor. Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other 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.

Government funding for operating expenses under the Government of Canada's COVID-19 response programs is recorded as Government COVID subsidies in the statement of revenue and expenses when the assistance is receivable.

The Church holds two investment accounts. The first account is the Investment Account which is held and managed by the Church. The other account is the Rectory Fund which is held and managed by the Anglican Church of Canada, Diocese of Toronto. The Investment Account managed by the Church combines the investments held by the Investment Fund, Our Faith Our Hope, Ministry and St. Andrew's Group Fund (the "Funds"), into one pooled Investment Account for ease of administration. Units in the pooled Investment Account were initially established for each Fund in the proportion the fair market value of each Fund's investments was of the aggregate fair market value of all investments acquired by the pooled Investment Account. Investment income earned by the pooled Investment Account (comprising interest, dividends, gains on sale of securities, net of investment management fees and loss on sale of securities) is allocated to each Fund monthly based on the number of units held. Units are adjusted monthly for amounts contributed or withdrawn by each Fund. Investment income earned by the Rectory Fund is allocated to the Operating Fund to be used to provide clergy housing allowances and the general purposes of the Parish.

Contributed services

Volunteers contribute an undeterminable, but substantial number of hours during the year to assist the Church in carrying out its mission. Because of the difficulty of determining their fair market value, contributed services are not recognized in the financial statements.

Transfers between funds

The Church accounts for all transfers between funds as a reduction in the fund balance of the fund making the transfer and as an increase in the fund balance of the recipient fund.

Internally restricted amounts are not available for unrestricted purposes without approval of the Church Wardens and in some cases Vestry.

Loans between funds may be made from time to time.

Christ Church Deer Park
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting standards for not-for-profit organizations requires making estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

2. FUND ACCOUNTING

The Church uses fund accounting in order that limitations and restrictions placed on the use or resources available are maintained. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds in accordance with activities or objectives specified. The Church follows the restricted fund method of accounting for contributions.

The funds of the Church include the following:

Operating Fund

The Operating Fund receives the revenue and pays the expenses for the ongoing operations of the Church. Its fund balance is not restricted.

Restricted Funds

Investment Fund

Established in 2021 by the merger of the Endowment and 1870 Funds. The Investment Fund is to provide funds for the ongoing general operating expenses of the Church as well as expenses related to the acquiring, upgrade and maintenance of the Church's building. In any year the Church may withdraw from the Investment Fund up to 5% of the value of the Investment Fund as at December 31 of the preceding year. The Church can exceed that amount with Vestry approval. This is an internally restricted fund.

Capital Fund

The Capital Fund's sole purpose is to hold and maintain the Church properties and equipment. It does not hold any financial instruments. This is an internally restricted fund.

Rectory Fund

The purpose of the Rectory Fund is to enable the Church to meet its obligation to provide clergy accommodation. The capital of the Rectory Fund represents proceeds from the sale of rectory properties and is restricted to the future purchase of a rectory. The investment income of the fund is available for clergy housing allowances and the general purposes of the Parish. The Rectory Fund is held and managed by the Anglican Church of Canada, Diocese of Toronto.

Christ Church Deer Park
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

2. FUND ACCOUNTING (continued)

Restricted Funds (continued)

St. Andrew's Group Fund

The St. Andrew's Group Fund (St. Andrew's) holds the funds St. Andrew's uses to carry out its various charitable activities. The fund was wound-up by the Corporation effective December 31, 2022 and the remaining balance was contributed to the Operating Fund.

3. INVESTMENTS

	2023		2022	
	Fair Value \$	Cost \$	Fair Value \$	Cost \$
Investment Fund	1,631,109	1,597,020	1,643,133	1,715,775
Deferred revenue - Our Faith				
Our Hope	204,661	259,598	187,129	254,785
Deferred revenue - Ministry	55,919	55,862	51,129	54,547
Investments managed by				
Church	1,891,689	1,912,480	1,881,391	2,025,107
Rectory Fund investments held and managed by Diocese	1,355,033	854,171	1,231,750	854,171
Total Investments	3,246,722	2,766,651	3,113,141	2,879,278

4. PROPERTY AND EQUIPMENT

	Cost \$	Accumulated amortization \$	Net book value	
			2023 \$	2022 \$
Land	52,199		52,199	52,199
Church Building	179,094	(179,094)		
Building renovations	2,411,402	(1,471,181)	940,221	994,621
Organ and pianos	276,000	(276,000)		
Furniture, fixtures and equipment	139,910	(87,528)	52,382	54,376
	3,058,605	(2,013,803)	1,044,802	1,101,196

Christ Church Deer Park
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

5. BANK INDEBTEDNESS

The Church has a demand operating line with the Canadian Imperial Bank of Commerce for \$200,000 with interest payable at the bank's prime rate plus 4.25%. There were no outstanding draws on the operating line at December 31, 2023 or December 31, 2022. The operating line is secured by a Letter of Consent to the release and exchange of information between the Canadian Imperial Bank of Commerce and the Anglican Church of Canada, Diocese of Toronto.

6. DEFERRED REVENUE - OUR FAITH OUR HOPE

The Our Faith Our Hope (Re-imagining Church) fundraising campaign of the Diocese was undertaken in 2012. It solicited designated gifts from parishioners over a 5 year period. The Diocese collected the Church's share and distributed it to the Church. The funds are held and are invested for initiatives to be approved by the Wardens. Activity in deferred revenue - Our Faith Our Hope account was as follows:

	2023	2022
	\$	\$
Deferred revenue - Our Faith Our Hope, beginning of year	187,194	244,988
Investment income -		
Interest and dividends	7,726	11,532
Realized gains	(771)	(9,718)
Investment management fees	(2,029)	(3,863)
Change in ending fair value of investments	12,718	(42,286)
Revenue recognized in Operating Fund to offset expenses	(46,410)	(13,459)
Deferred revenue - Our Faith Our Hope, end of year	158,428	187,194

Christ Church Deer Park
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

7. DEFERRED REVENUE - MINISTRY

This account is comprised of gifts designated for youth ministry or other ministry activities outside the usual budgeted operations of the Church. The funds are held and invested for initiatives to be approved by the Corporation. Such designated gifts are not recognized as revenue until the year in which the related expenses are incurred. Activity in deferred revenue - Ministry account was as follows:

	2023	2022
	\$	\$
Deferred revenue - Ministry, beginning of year	51,146	59,363
Investment income -		
Interest and dividends	2,111	2,317
Realized gain	(211)	(1,949)
Investment management fees	(554)	(775)
Change in ending fair value of investments	3,475	(7,811)
Revenue recognized in Operating Fund to offset expenses	(8,475)	
Deferred revenue - Ministry, end of year	47,492	51,145

8. DEFERRED REVENUE - REFUGEE FUNDS

Included in other deferred revenue are funds raised to sponsor and support refugees coming to Canada. After the second refugee family became self-sufficient in 2020, the remaining funds are being held pending a decision on supporting another refugee family. The Church has also agreed to be the sponsor of other four other refugees at the request of their families and others, and received donations for each sponsorship. All four refugees arrived 2023 and have begun to receive support. The revenue and expenditures and fund balance for each of the refugee funds is as follows:

	CCDP Refugee Fund	Chiron Fund	Zuhaili Fund	Razai Fund	Nazari Fund	Total
	\$	\$	\$	\$	\$	\$
Fund balance, opening	15,996	15,000	30,000	82,500		143,496
Donations and fund raising	1,139			2,053	27,700	30,892
Expenditures		(14,465)	(24,100)	(36,110)	(1,556)	(76,231)
Fund balance, ending	17,135	535	5,900	48,443	26,144	98,157

The Chiron, Zuhaili, Razai and Nazari Funds have been funded by the families or others who will be financially responsible for raising any additional funds required to support the refugees once in Canada.

Christ Church Deer Park
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

9. INTERFUND TRANSFERS/LOANS

During the year, the following transfers were approved:

	Operating Fund \$	Investment Fund \$
Approved by the Investment Fund policy - 5% of Investment Fund	83,493	(83,493)
Approved by Vestry - 2022 deficit funding	<u>68,100</u>	<u>(68,100)</u>
	151,593	(151,593)
Bequests	(3,992)	3,992
	<u>147,601</u>	<u>(147,601)</u>

Bequests that are not designated to a specific Fund are first recorded in the Operating Fund and then transferred to the Investment Fund in accordance with the formula approved by Vestry on May 4, 2014. During the year total bequests of \$5,322 (2022 - \$75,500) were received of which \$3,992 (2022 - \$56,625) were transferred to the Investment Fund.

10. CONGREGATIONAL GIVING

Congregational giving to the Operating Fund consists of:

	2023 \$	2022 \$
Identifiable givers	458,455	580,932
Open collections	7,335	4,957
Outreach	1,622	3,400
	<u>467,412</u>	<u>589,289</u>

11. INVESTMENT INCOME

Interest and dividend income is net of investment management fees of \$17,904 (2022 - \$19,942).

Christ Church Deer Park
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Items that meet the definition of financial instruments consist of cash, accounts receivable, accrued interest, investments, bank indebtedness and accounts payable. Financial instrument transactions, such as collecting receivables, buying and selling investments, settling payables, may result in exposure to significant financial risks and concentration of risk.

The nature and extent of significant risks as of December 31, 2023, are described below. There have been no changes to the significant risks from the prior year.

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 Church's financial assets that are exposed to credit risk consist primarily of cash, accounts receivable and investments. Cash consists of deposits with major Canadian banks. Investments consist of various mutual funds and one fixed income security. Investments are reviewed regularly by the discretionary investment manager to evaluate changes in their status and ensure they continue to be in accordance with the Church's investment policy. The Church is subject to credit risk through its accounts receivable. Credit risk is limited due to the small number of receivables owed to the Church.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Church is exposed to all three risks.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Church is exposed to currency risk on its investments as a portion (approximately 19.6%) of the pooled investment fund is denominated in United States dollars which fluctuate relative to the Canadian dollar.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Church is exposed to interest rate risk on its investments due to holding investment funds that invest in a broad spectrum of fixed income instruments. The Church is exposed to interest rate risk on its bank indebtedness which bears interest at the bank's prime lending rate which fluctuates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Church is exposed to other price risk through its investments.