



Financial Statements

The Cathedral Church of St. James

June 30, 2026 and 2025

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Independent Auditor's Report

Doane Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949

To the Members of Vestry of
The Cathedral Church of St. James

Opinion

We have audited the financial statements of The Cathedral Church of St. James (the "Cathedral"), which comprise the statement of financial position as at June 30, 2026 and 2025, and the statements of activities, changes in fund balances and cash flows for the year ended June 30, 2026 and the six months period ended June 30, 2025, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Cathedral as at June 30, 2026 and 2025, and the results of its operations and its cash flows for the year ended June 30, 2026 and the six months period ended June 30, 2025 in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Opinion

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 the Financial Statements* section of our report. We are independent of the Cathedral 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 opinion.

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 ASNPO, 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 Cathedral's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Cathedral or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Cathedral's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

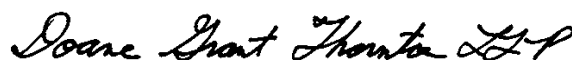
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 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, we exercise professional judgment 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 Cathedral'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 Cathedral'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 Cathedral 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.

We 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.



Toronto, Canada
September 25, 2026

Chartered Professional Accountants
Licensed Public Accountants

The Cathedral Church of St. James

Statement of Activities – Operating Funds

	Year ended June 30, 2026			Six months ended June 30, 2025
	Cathedral	Cemetery	Total	Total
Revenue				
Offerings	\$ 799,213	\$ 300	\$ 799,513	\$ 371,334
Services and supplies	-	766,083	766,083	467,268
Rental income	713,613	39,305	752,918	338,692
Investment income	409,475	174,274	583,749	288,934
Burial lot sales	-	315,548	315,548	92,577
Other income	306,755	-	306,755	127,620
	<u>2,229,056</u>	<u>1,295,510</u>	<u>3,524,566</u>	<u>1,686,425</u>
Expenses				
Cathedral and Cathedral Centre	1,028,956	-	1,028,956	486,639
Cemetery operating costs	-	1,028,811	1,028,811	580,477
Communication and administration	641,239	-	641,239	309,554
Clergy	496,827	-	496,827	221,769
Music	272,113	-	272,113	125,145
Outreach, committees, and synod	162,542	-	162,542	78,751
	<u>2,601,677</u>	<u>1,028,811</u>	<u>3,630,488</u>	<u>1,802,335</u>
Excess (deficiency) of revenue over expenses before other items	(372,621)	266,699	(105,922)	(115,910)
Government assistance	9,268	-	9,268	-
Special purpose contributions (Note 5)	159,295	-	159,295	30,299
Special purpose disbursements (Note 5)	(159,295)	-	(159,295)	(30,299)
Unrealized gains (losses) on investments	5,683	-	5,683	(14,432)
Interest on long-term debt (Note 6)	-	(87,798)	(87,798)	(45,017)
(Deficiency) excess of revenue over expenses before amortization	(357,670)	178,901	(178,769)	(175,359)
Amortization of deferred special purpose contributions - capital	144,003	1,333	145,336	74,019
Amortization of property and equipment	(823,347)	(167,387)	(990,734)	(490,126)
(Deficiency) excess of revenue over expenses	<u>\$ (1,037,014)</u>	<u>\$ 12,847</u>	<u>\$ (1,024,167)</u>	<u>\$ (591,466)</u>

See accompanying notes to the financial statements.

The Cathedral Church of St. James

Statement of Activities – Restricted and Endowment Funds

	Year ended June 30, 2026			Six months ended June 30, 2025
	Restricted	Endowment	Total	Total
Revenue				
Investment income	\$ 976,115	\$ 1,329,024	\$ 2,305,139	\$ 94,091
Cemetery receipts	87,484	204,127	291,611	79,461
Bequests and restricted gifts	97,664	25,000	122,664	1,040,030
	<u>1,161,263</u>	<u>1,558,151</u>	<u>2,719,414</u>	<u>1,213,582</u>
Expenses				
Restricted cemetery disbursements	154,236	-	154,236	74,916
Restricted trust disbursements	<u>21,221</u>	<u>-</u>	<u>21,221</u>	<u>-</u>
	<u>175,457</u>	<u>-</u>	<u>175,457</u>	<u>74,916</u>
Excess of revenue over expenses before other item	985,806	1,558,151	2,543,957	1,138,666
Unrealized gains on investments	<u>758,736</u>	<u>967,765</u>	<u>1,726,501</u>	<u>432,006</u>
Excess of revenue over expenses	<u>\$ 1,744,542</u>	<u>\$ 2,525,916</u>	<u>\$ 4,270,458</u>	<u>\$ 1,570,672</u>

See accompanying notes to the financial statements.

The Cathedral Church of St. James

Statement of Changes in Fund Balances

	Unrestricted	Invested in property and equipment	Externally restricted (Note 7)	Internally restricted (Note 7)	Endowment - capital (Note 8)	Total
Balance, July 1, 2025	\$ (377,518)	\$ 14,121,559	\$ 5,259,084	\$ 3,856,433	\$ 15,871,212	\$ 38,730,770
Excess (deficiency) of revenue over expenses	(178,769)	(845,398)	896,067	848,475	2,525,916	3,246,291
Transfer to invested in property and equipment	-	183,165	-	(183,165)	-	-
Balance, June 30, 2026	<u>\$ (556,287)</u>	<u>\$ 13,459,326</u>	<u>\$ 6,155,151</u>	<u>\$ 4,521,743</u>	<u>\$ 18,397,128</u>	<u>\$ 41,977,061</u>
Balance, January 1, 2025	\$ (202,159)	\$ 14,346,436	\$ 5,122,656	\$ 2,918,785	\$ 15,565,846	\$ 37,751,564
Excess (deficiency) of revenue over expenses	(175,359)	(416,107)	136,428	1,128,878	305,366	979,206
Transfer to invested in property and equipment	-	191,230	-	(191,230)	-	-
Balance, June 30, 2025	<u>\$ (377,518)</u>	<u>\$ 14,121,559</u>	<u>\$ 5,259,084</u>	<u>\$ 3,856,433</u>	<u>\$ 15,871,212</u>	<u>\$ 38,730,770</u>

See accompanying notes to the financial statements.

The Cathedral Church of St. James

Statement of Financial Position

As at June 30

2026

2025

Assets

Current assets

Cash	\$ 1,929,191	\$ 1,235,572
Accounts receivable	161,812	125,616
Prepaid expenses	18,166	29,851
	<u>2,109,169</u>	<u>1,391,039</u>

Investments (Note 3)	28,103,060	24,726,994
Property and equipment (Note 4)	<u>18,980,250</u>	<u>19,856,612</u>
	<u>47,083,310</u>	<u>44,583,606</u>
	<u>\$ 49,192,479</u>	<u>\$ 45,974,645</u>

Liabilities and Fund Balances

Current liabilities

Accounts payable and accrued liabilities (Note 9)	\$ 642,378	\$ 471,089
Deferred revenue	195,552	173,330
Deferred special purpose contributions – non-capital (Note 5)	621,846	621,685
Current portion of long-term debt (Note 6)	<u>153,895</u>	<u>150,877</u>
	<u>1,613,671</u>	<u>1,416,981</u>

Deferred special purpose contributions – capital (Note 5)	1,407,633	1,478,886
Long-term debt (Note 6)	<u>4,194,114</u>	<u>4,348,008</u>
	<u>7,215,418</u>	<u>7,243,875</u>

Fund balances

Unrestricted	(556,287)	(377,518)
Invested in property and equipment	13,459,326	14,121,559
Externally restricted (Note 7)	6,155,151	5,259,084
Internally restricted (Note 7)	4,521,743	3,856,433
Endowment - capital (Note 8)	<u>18,397,128</u>	<u>15,871,212</u>
	<u>41,977,061</u>	<u>38,730,770</u>
	<u>\$ 49,192,479</u>	<u>\$ 45,974,645</u>

On behalf of the Churchwardens

James Th. Hickman

Churchwarden

Sandra Howat

Churchwarden

See accompanying notes to the financial statements.

The Cathedral Church of St. James

Statement of Cash Flows

	Year ended June 30, 2026	Six months ended June, 30 2025
Operating activities		
(Deficiency) excess of revenue over expenses		
Operating funds	\$ (1,024,167)	\$ (591,466)
Restricted and Endowment funds	4,270,458	1,570,672
Items not involving cash		
Amortization of property and equipment	990,734	490,126
Amortization of deferred special purpose contributions – capital	(145,336)	(74,019)
Unrealized gains on investments	<u>(1,732,184)</u>	<u>(417,574)</u>
	<u>2,359,505</u>	<u>977,739</u>
Net change in non-cash working capital items		
Accounts receivable	(36,196)	(6,219)
Prepaid expenses	11,685	(25,949)
Accounts payable and accrued liabilities	171,289	(51,810)
Deferred revenue	22,222	60,906
Deferred special purpose contributions – non-capital	<u>161</u>	<u>14,289</u>
	<u>169,161</u>	<u>(8,783)</u>
	<u>2,528,666</u>	<u>968,956</u>
Financing activities		
Deferred special purpose contributions – capital	74,083	19,626
Repayments of long-term debt	<u>(150,876)</u>	<u>(74,320)</u>
	<u>(76,793)</u>	<u>(54,694)</u>
Investing activities		
Purchase of property and equipment	(114,372)	(128,157)
Net purchase of investments	<u>(1,643,882)</u>	<u>(1,001,285)</u>
	<u>(1,758,254)</u>	<u>(1,129,442)</u>
Net change in cash during the year	693,619	(215,180)
Cash		
Beginning of year	<u>1,235,572</u>	<u>1,450,752</u>
End of year	<u>\$ 1,929,191</u>	<u>\$ 1,235,572</u>

See accompanying notes to the financial statements.

The Cathedral Church of St. James

Notes to the Financial Statements

June 30, 2026 and 2025

1. Purpose

The Cathedral Church of St. James (the “Cathedral”) is a symbol of God’s presence and love in our city. The Cathedral is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes. Its mission is to proclaim the Gospel of Jesus Christ and to:

- provide a spiritual sanctuary and a place of worship within the fullness of the liturgical traditions of the Anglican Church;
- offer everyone welcoming hospitality, healing, hope and opportunities to learn so that we may build community in a fragmented world; and
- be a focal point for the life of the Anglican Church in the Diocese of Toronto (the “Diocese”) and for the ministry of our Bishop.

The Cathedral and thus its financial statements include the accounts of the church itself and St. James’ Cemetery (the “Cemetery”).

2. Summary of significant accounting policies

Basis of presentation

The Cathedral has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management’s best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess (deficiency) of revenue over expenses as appropriate in the year they become known.

Fund accounting

The accounts are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose.

Operating funds

These funds include the assets, liabilities, revenue and expenses applicable to the ongoing operations of the Cathedral, including its cemetery.

The Cathedral Church of St. James

Notes to the Financial Statements

June 30, 2026 and 2025

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

Cemetery restricted funds

The pre-need assurance trust is established with proceeds from sales of services which are to be provided at a future date. Amounts received are externally restricted in connection with pre-need sales contracts are deposited to this fund and administered by a trustee. Income earned from amounts on deposit is retained by the fund and allocated to individual contracts.

Cemetery endowment funds

The Cemetery care and maintenance fund is established to provide for care of the Cemetery grounds in perpetuity. In accordance with the Cemetery Act, a minimum of 40% of all cemetery plot sales and 15% of all niche sales are deposited to this fund. The remaining balance is recorded as income in the Cemetery operating fund in the year of the sale. Investment income earned by the Cemetery care and maintenance fund is recorded in the Cemetery operating fund. Unrealized and realized gains (losses) are maintained as capital of the fund.

The endowment fund for care of graves is established to provide special care for specific graves in perpetuity as prescribed by the source of the funds. Investment income earned by the fund is recorded in the Cemetery operating fund and is used to offset expenses charged for maintenance of the graves. Unrealized and realized gains (losses) are maintained as capital of the fund.

Cathedral restricted funds

These include funds received by the Cathedral that are held in trust to comply with the specific terms set by the donors or by the Cathedral Council. Such trust funds are long-term in nature in that the contribution is to be invested has specific provisions as to the distribution of any income derived therefrom. Where permitted by the terms of a fund, income is recorded as revenue in the Cathedral operating fund.

Cathedral endowment funds

These include funds received by the Cathedral that are held in trust in perpetuity. These funds have specific provisions as to the distribution of any investment income derived therefrom. Where permitted by the terms of a fund, investment income is recorded as revenue in the Cathedral operating fund. Unrealized and realized gains (losses) are maintained as capital of the fund.

Financial instruments

The Cathedral considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Cathedral's financial instruments include cash, accounts receivable, investments, accounts payable and long-term debt.

The Cathedral's financial instruments obtained in arm's length transactions are initially measured at fair value and subsequently measured at amortized cost (less impairment in the case of financial assets), except for investments. Investments in equities quoted in an active market must be measured at fair value and the Cathedral has irrevocably elected to measure its investments in bonds at fair value. All changes in fair value of the Cathedral's investments are recorded in the statement of activities. The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

The Cathedral Church of St. James

Notes to the Financial Statements

June 30, 2026 and 2025

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities in related party transactions are initially and subsequently measured at cost. Such transactions relate to the Diocese and are specifically identified in the financial statements.

Property and equipment

Purchased property and equipment are recorded in the Cathedral and Cemetery operating funds at cost. Amortization is provided over the estimated useful lives of the assets on a straight-line basis as follows:

Cathedral Centre	Over 35 years
Major building improvements	Over 20 years
Furnishings and equipment	Over 3 to 5 years
Grounds lighting	Over 10 years
Major organ work	Over 20 years
Cemetery buildings	Over 30 years
Crematorium retorts	Over 25 years

The original organ and change-ringing bells are considered historical treasures and accordingly, no amortization is applied to their respective costs of \$99,668 and \$404,460.

Property and equipment are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of activities. Any impairment recognized is not reversed.

Revenue recognition

The Cathedral follows the restricted fund method of accounting for contributions. Funds received which are externally restricted or endowed by the donor are recorded as revenue of the appropriate restricted or endowment fund when received. Special purpose contributions are externally restricted gifts that relate to activities recorded in general operations and accordingly are deferred and recognized as revenue of the operating funds in the year in which the related expenses are incurred. Special purpose contributions that are restricted for capital purposes are deferred and recognized as revenue of the operating funds over the estimated useful lives of the related assets. Unrestricted contributions are recognized as revenue of the operating funds in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance is recognized in the statement of activities when received or receivable in the year to which it relates.

The Cathedral Church of St. James

Notes to the Financial Statements

June 30, 2026 and 2025

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Rental revenue from the Cathedral Centre is recognized once the event has occurred and services have been rendered. The non-refundable portion of deposits is recognized at the time of receipt. The refundable portion of deposits is recognized at the event date. Deferred revenue relates to refundable deposits that have been received prior to the rental. Other income is recognized as earned.

Cemetery services and supplies and burial lot sales are recognized when the significant risks and rewards of ownership have been transferred.

Investment income

Investment income, consisting of interest and dividends, and realized and unrealized gains (losses) are allocated to the funds based on the actual return earned by the assets allocated to or held by each fund during the year. Depending on the terms of the individual restricted or endowment funds, this income is retained by the funds or recognized as income of the unrestricted funds (Notes 7 and 8).

Donated goods and services

Donated goods and capital donations of a significant nature are recorded in the accounts at fair market value when its fair value is reasonably determinable.

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

3. Objectives, policies and processes for managing capital

The Cathedral's capital is comprised of the net assets invested in property and equipment, the unrestricted fund balances, the internally restricted fund balances and the externally restricted fund balances.

The Cathedral invests in property and equipment to provide worship, program, and community space that is appropriate to the needs of the many groups that make up the Cathedral community. The Cathedral Centre and Cathedral Church are buildings of historical and religious significance. A multi-year property plan is maintained. With staff assistance, the Cathedral Council authorizes funds to be spent annually on capital projects.

The Cathedral Church of St. James

Notes to the Financial Statements

June 30, 2026 and 2025

3. Objectives, policies and processes for managing capital (continued)

The Cathedral's objective is to maintain unrestricted fund balances sufficient to meet both annual working capital requirements and annual maintenance of property and equipment. This is done through the annual operating budget approval process and reviewing the investment portfolio returns relative to the operating budget income requirements and capital budget requirements. The Cathedral plans to address the unrestricted fund balance deficit over the next three years.

Staff and the Finance Committee work together to ensure externally restricted funds are maintained in accordance with the terms of their contributors. Where allowed by the terms of the funds, the objective of the investment policy is over the long-term to maintain the capital of the funds after inflation. The policy allows the funds to be invested in money markets, bonds and equities in accordance with a portfolio mix as set out below.

The Cathedral is subject to the disbursement requirements set by the Canada Revenue Agency for Canadian charities, and as at the end of fiscal 2026 and 2025, was in compliance with these requirements.

The Cathedral as part of the Diocese is also subject to certain Canonical restrictions on its capital. For the sale of certain assets or incurrence of certain debt, the Cathedral is required to obtain approval from the Diocese.

The Cathedral maintains investment portfolios managed by professional investment managers, to provide the Cathedral with financial resources to meet its short-term requirements and to maintain the long-term security of the portfolios. The Cathedral's investment managers are required to invest the Cathedral's funds in accordance with its Investment Policy, most recently revised in 2018 (the minimum and maximum investment limits are assessed in aggregate across the funds), and any restrictions prescribed by the Anglican Church of Canada and the Diocese. The Cathedral's investment mix is as follows:

	Investment policy	2026	2025
Cash	3 - 10%	3%	1%
Fixed income securities (including cash equivalents)	30 - 85%	36%	37%
Equity securities	15 - 70%	61%	62%

It was and continues to be management's intention to reinvest these investments when they come due. Accordingly, these cash and cash equivalents have been classified as long-term investments in the financial statements.

The Cathedral Church of St. James

Notes to the Financial Statements

June 30, 2026 and 2025

4. Property and equipment

		Accumulated	2026 Net
<i>Cathedral</i>	<u>Cost</u>	<u>Amortization</u>	<u>Book Value</u>
Cathedral property	\$ 380,299	\$ -	\$ 380,299
Cathedral Centre	18,482,092	7,479,227	11,002,865
Major building improvements	2,771,134	2,117,413	653,721
Furnishings and equipment	1,606,337	1,302,592	303,745
Grounds lighting	855,749	461,451	394,298
Organ	517,061	102,228	414,833
Change-ringing bells	404,460	-	404,460
	<u>25,017,132</u>	<u>11,462,911</u>	<u>13,554,221</u>
<i>Cemetery</i>			
Cemetery land	2,417,950	-	2,417,950
Cemetery buildings	774,101	329,619	444,482
Crematorium retorts	2,709,607	375,231	2,334,376
Major building improvements	908,431	696,832	211,599
Furnishings and equipment	446,588	428,966	17,622
	<u>7,256,677</u>	<u>1,830,648</u>	<u>5,426,029</u>
	<u>\$ 32,273,809</u>	<u>\$ 13,293,559</u>	<u>\$ 18,980,250</u>
<i>Cathedral</i>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2025 Net Book Value</u>
Cathedral property	\$ 380,299	\$ -	\$ 380,299
Cathedral Centre	18,482,092	6,951,166	11,530,926
Major building improvements	2,751,740	2,005,780	745,960
Furnishings and equipment	1,508,164	1,225,382	282,782
Grounds lighting	855,749	375,876	479,873
Organ	517,061	81,359	435,702
Change-ringing bells	404,460	-	404,460
	<u>24,899,565</u>	<u>10,639,563</u>	<u>14,260,002</u>
<i>Cemetery</i>			
Cemetery land	2,417,950	-	2,417,950
Cemetery buildings	774,101	305,619	468,482
Crematorium retorts	2,701,607	266,847	2,434,760
Major building improvements	908,430	679,503	228,927
Furnishings and equipment	464,020	417,529	46,491
	<u>7,266,108</u>	<u>1,669,498</u>	<u>5,596,610</u>
	<u>\$ 32,165,673</u>	<u>\$ 12,309,061</u>	<u>\$ 19,856,612</u>

The Cathedral Church of St. James

Notes to the Financial Statements

June 30, 2026 and 2025

5. Deferred special purpose contributions

	<u>2026</u>	<u>2025</u>
Deferred contributions - non-capital, beginning of year	\$ 621,685	\$ 607,396
Amounts received	159,456	44,588
Amounts disbursed and recognized as revenue in the year	<u>(159,295)</u>	<u>(30,299)</u>
Deferred contributions - non-capital, end of year	<u>\$ 621,846</u>	<u>\$ 621,685</u>
Deferred contributions - capital, beginning of year	1,478,886	1,533,279
Amounts received	74,083	19,626
Amounts recognized as revenue in the year	<u>(145,336)</u>	<u>(74,019)</u>
Deferred contributions - capital, end of year	<u>\$ 1,407,633</u>	<u>\$ 1,478,886</u>

Included in deferred contributions - capital is \$28,383 (2025 - \$28,383) relating to funds that have not yet been spent.

6. Long-term debt

	<u>2026</u>	<u>2025</u>
Promissory note with the Diocese, unsecured, bearing interest at 2.00% due December 1, 2048, payable by monthly instalments of principal plus interest of \$14,169.	\$ 3,084,410	\$ 3,192,144
Promissory note with the Diocese, unsecured, bearing interest at 2.00% due May 1, 2049, payable by monthly instalments of principal plus interest of \$5,720.	<u>1,263,599</u>	<u>1,306,741</u>
	4,348,009	4,498,885
Less: current portion	<u>153,895</u>	<u>150,877</u>
	<u>\$ 4,194,114</u>	<u>\$ 4,348,008</u>

Minimum principal repayments over the next five fiscal years are as follows:

2027	\$ 153,895
2028	156,973
2029	160,112
2030	163,313
2031	166,581
Thereafter	3,547,135

Included in long-term debt is \$206,339 (six months ended June 30, 2025 - \$214,339) relating to funds that have been received and not yet been spent.

The Cathedral Church of St. James

Notes to the Financial Statements

June 30, 2026 and 2025

7. Restricted funds

	<u>2026</u>	<u>2025</u>
Externally restricted		
Music Trusts	\$ 1,008,714	\$ 852,120
Property Trusts	2,380,188	1,958,515
Cemetery Pre-Need Fund	<u>2,766,249</u>	<u>2,448,449</u>
	<u>\$ 6,155,151</u>	<u>\$ 5,259,084</u>
Internally restricted		
Music Trust	\$ 815,193	\$ 713,530
Women's Ministry Trust	517,313	440,411
Cathedral Multi-Purposes Trust	748,902	621,103
Wardens Legacy Fund	1,974,703	1,684,975
Educational Trust	<u>465,632</u>	<u>396,414</u>
	<u>\$ 4,521,743</u>	<u>\$ 3,856,433</u>

During the year, investment income earned on restricted funds in the amounts of \$77,009 (Six months ended June 30, 2025 - \$44,235) was recognized directly in investment income of the Cathedral operating funds.

8. Endowment funds

	<u>2026</u>	<u>2025</u>
Clergy Support Trust	\$ 674,646	\$ 559,520
Property Trusts	11,776,489	10,023,698
Outreach Trust	252,088	215,598
Music Trusts	513,138	413,491
Flowers Fund	5,238	4,356
Cemetery Care of Graves Fund	841,531	715,502
Cemetery Care and Maintenance Fund	<u>4,333,998</u>	<u>3,939,047</u>
	<u>\$ 18,397,128</u>	<u>\$ 15,871,212</u>

During the year, investment income earned on the endowment funds of \$329,190 (six months ended June 30, 2025 - \$169,820) and \$174,274 (six months ended June 30, 2025 - \$68,067) was recognized directly in investment income of the Cathedral and Cemetery operating funds, respectively. Total investment income from Notes 7 and 8 recognized directly in the Cathedral and Cemetery operating funds is \$406,199 (six months ended June 30, 2025 - \$214,055) and \$174,274 (six months ended June 30, 2025 - \$68,067), respectively.

The Cathedral Church of St. James

Notes to the Financial Statements

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9. Financial instruments

Transactions in financial instruments may result in the Cathedral assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. There have been no changes in the assessed financial instruments from the prior period.

Other price risk

The Cathedral is exposed to other price risk on its investment in equities quoted in an active market since changes in market prices could result in changes in the fair value of these instruments. The Cathedral manages its other price risk by ensuring that its investments are invested in accordance with its Investment Policy that ensures a diversified portfolio.

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 rates. The Cathedral is subject to interest rate risk on its fixed income investments. The Cathedral manages its interest rate risk by ensuring that its investments are invested in accordance with its Investment Policy.

Liquidity risk

The Cathedral's liquidity risk represents the risk that the Cathedral could encounter difficulty in meeting obligations associated with its financial liabilities. The Cathedral is exposed to liquidity risk with respect to its accounts payable and long-term debt. The Cathedral manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations.

Credit risk

Credit risk is the risk of financial loss occurring as a result of a counter party to a financial instrument failing to discharge an obligation or commitment that it has entered into with the Cathedral. The Cathedral's main credit risks relate to its accounts receivable. The Cathedral reduces its exposure to credit risk by monitoring credit risk, adopting policies and procedures to ensure credit is only provided to credit worthy individuals and creating an allowance for doubtful accounts when appropriate. At June 30, 2026, the allowance for doubtful accounts is \$Nil (2025 - \$Nil).