

Consolidated Financial Statements

**The General Synod of the  
Anglican Church of Canada**

December 31, 2010

## INDEPENDENT AUDITORS' REPORT

To the Primate and Members of  
**The General Synod of the Anglican Church of Canada**

We have audited the accompanying consolidated financial statements of **The General Synod of the Anglican Church of Canada**, which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **The General Synod of the Anglican Church of Canada** as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada  
April 2, 2011.

*Ernst & Young LLP*

Chartered Accountants  
Licensed Public Accountants

## The General Synod of the Anglican Church of Canada

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

	2010 \$	2009 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	2,571,646	2,442,651
Accounts receivable <i>[note 14[d]]</i>	1,327,138	1,739,083
Inventory	196,573	198,704
Prepaid expenses and other assets	110,606	108,576
<b>Total current assets</b>	<b>4,205,963</b>	<b>4,489,014</b>
Investments <i>[note 4]</i>	10,507,712	9,349,791
Car and staff housing loans <i>[note 5]</i>	533,154	621,115
Property and equipment, net <i>[note 6]</i>	3,261,261	3,356,582
	<b>18,508,090</b>	<b>17,816,502</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	1,953,801	1,612,344
Funds held for other organizations	46,698	49,328
<b>Total current liabilities</b>	<b>2,000,499</b>	<b>1,661,672</b>
Deferred contributions <i>[note 7]</i>	1,385,584	1,143,409
Annuities <i>[note 10]</i>	1,913,235	1,778,187
<b>Total liabilities</b>	<b>5,299,318</b>	<b>4,583,268</b>
Contingencies and commitments <i>[notes 2[e] and 16]</i>		
<b>Net assets</b>		
Unrestricted	1,430,383	2,275,680
Internally designated <i>[note 9]</i>	7,916,748	7,307,075
Endowments <i>[note 8]</i>	3,861,641	3,650,479
<b>Total net assets</b>	<b>13,208,772</b>	<b>13,233,234</b>
	<b>18,508,090</b>	<b>17,816,502</b>

See accompanying notes

## The General Synod of the Anglican Church of Canada

### CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31

	2010 \$	2009 \$
<b>REVENUE</b>		
Contributions from dioceses	8,405,474	8,407,437
Philanthropy	1,066,277	1,267,539
Investment income <i>[note 11]</i>	362,980	694,901
Anglican Journal	2,086,230	1,960,308
ABC Publishing	320,192	359,686
Other <i>[note 14[b] and [c]]</i>	570,088	542,063
	<b>12,811,241</b>	<b>13,231,934</b>
<b>EXPENSES</b>		
Partnerships <i>[note 14[c]]</i>	1,728,392	2,061,307
Council of the North grants	2,327,035	2,324,368
Indigenous Ministries	430,228	831,496
Faith, worship and ministry	407,526	484,823
Governance	1,058,662	645,432
Primate and House of Bishops	552,703	538,276
Diocesan support <i>[note 12]</i>	644,899	525,980
Information resources <i>[note 12]</i>	752,444	724,701
Anglican Journal	2,559,774	2,615,664
ABC Publishing <i>[note 12]</i>	284,778	356,564
Philanthropy <i>[note 12]</i>	652,437	736,970
Administration <i>[note 12]</i>	1,850,253	1,750,193
Miscellaneous	386,812	509,424
	<b>13,635,943</b>	<b>14,105,198</b>
<b>Deficiency of revenue over expenses for the year before the following</b>	<b>(824,702)</b>	<b>(873,264)</b>
Undesignated legacies	589,078	3,418,253
<b>(Deficiency) excess of revenue over expenses for the year</b>	<b>(235,624)</b>	<b>2,544,989</b>

See accompanying notes

The General Synod of the Anglican Church of Canada

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	Unrestricted		Internally designated		Endowments		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
			[note 9]		[note 8]			
Net assets, beginning of year	2,275,680	1,638,511	7,307,075	5,399,255	3,650,479	3,170,308	13,233,234	10,208,074
(Deficiency) excess of revenue over expenses for the year	(235,624)	2,544,989	—	—	—	—	(235,624)	2,544,989
Transfer to internally designated net assets [note 9]	(609,673)	(1,907,820)	609,673	1,907,820	—	—	—	—
Investment gain allocated to externally restricted endowments [note 11]	—	—	—	—	211,162	480,171	211,162	480,171
<b>Net assets, end of year</b>	<b>1,430,383</b>	<b>2,275,680</b>	<b>7,916,748</b>	<b>7,307,075</b>	<b>3,861,641</b>	<b>3,650,479</b>	<b>13,208,772</b>	<b>13,233,234</b>

See accompanying notes

## The General Synod of the Anglican Church of Canada

### CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31

	2010 \$	2009 \$
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenue over expenses for the year	(235,624)	2,544,989
Add (deduct) items not affecting cash		
Amortization	210,094	222,002
Investment income	(362,980)	(694,901)
Net change in non-cash working capital balances related to operations	753,503	(2,649)
Increase in deferred contributions	242,175	16,242
(Decrease) increase in funds held for other organizations	(2,630)	17,522
<b>Cash provided by operating activities</b>	<b>604,538</b>	<b>2,103,205</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(114,773)	(49,891)
Purchase of investments, net	(583,779)	(1,232,696)
Decrease (increase) in car and staff housing loans	87,961	(12,167)
Receipt of other assets	—	425,000
Increase in annuities, net	135,048	208,570
<b>Cash used in investing activities</b>	<b>(475,543)</b>	<b>(661,184)</b>
<b>Net change in cash and cash equivalents     during the year</b>	<b>128,995</b>	<b>1,442,021</b>
Cash and cash equivalents, beginning of year	2,442,651	1,000,630
<b>Cash and cash equivalents, end of year</b>	<b>2,571,646</b>	<b>2,442,651</b>

*See accompanying notes*

## **The General Synod of the Anglican Church of Canada**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

#### **1. PURPOSE OF THE ORGANIZATION AND BASIS OF PRESENTATION**

The General Synod of the Anglican Church of Canada ["General Synod"] was incorporated by Act of Parliament in 1921 as the central representative body of the Anglican Church of Canada [the "Church"] with authority and jurisdiction in all matters affecting in any way the general interest and well being of the whole Church including: relations of the Church to other religious bodies in Canada and elsewhere; relations of the Church to the worldwide Anglican Communion; the definition of the doctrines of the Church in harmony with the Solemn Declaration adopted in 1893; structural uniformity in relation to the episcopal prerogative of licensing clergy; the basic standards of theological education and the qualifications and training of candidates for the ministry of the Church; and as a partner in the worldwide Anglican Communion and in the universal church, to proclaim and celebrate the gospel of Jesus Christ in worship and action.

General Synod is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

The consolidated financial statements include the assets, liabilities, net assets, revenue and expenses of General Synod, The Missionary Society of the Anglican Church of Canada ["The Missionary Society"] and the Anglican Journal.

#### **2. RESIDENTIAL SCHOOLS CLAIMS**

- [a] On March 11, 2003, General Synod and The Missionary Society signed an agreement with the Government of Canada [the "Settlement Agreement"] to establish a process for dealing with claims related to the operation of residential schools and to establish a framework to apportion and pay liabilities related to these claims. The Settlement Agreement provided that General Synod, The Missionary Society and all dioceses in Canada [the "Anglican Entities"] would contribute a total of \$25,000,000 to the Settlement Fund over a period of five years commencing March 14, 2003. In 2003, General Synod contributed \$3,000,000, representing its share of the \$25,000,000 in accordance with the Settlement Agreement. The Settlement Fund is operated and managed by a separate corporation, The Anglican Church of Canada Resolution Corporation ["ACCRC"].



## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

- [b] As a result of the Government of Canada entering into a more favourable agreement with entities related to the Roman Catholic Church [the "Catholic Entities"], the Government of Canada entered into an agreement with the Anglican Entities and other parties setting out a new process and revised funding arrangements for residential schools related claims [the "2006 Indian Residential Schools Settlement Agreement"]. In addition, the Government of Canada entered into an agreement with the Anglican Entities amending the Settlement Agreement with an implementation date of September 19, 2007 [the "Anglican Amending Agreement"].
- [c] Under the Anglican Amending Agreement, the maximum amount the Anglican Entities are required to contribute towards Indian Residential Schools ["IRS"] Abuse Claims and healing and reconciliation is \$15,687,188. This amount is calculated based on the maximum amount that the Catholic Entities are required to contribute towards IRS Abuse Claims and healing and reconciliation as set out in an agreement with the Government of Canada. As a result, a portion of the amount contributed to ACCRC by the Anglican Entities in prior years was refundable. The amount refundable to General Synod by ACCRC of \$1,179,871 was recorded as revenue in the consolidated statement of operations in 2007.
- [d] Under the Anglican Amending Agreement, a fund called the Anglican Fund for Healing and Reconciliation [the "AFHR"] was established in ACCRC to provide grants for healing and reconciliation. The AFHR is administered by General Synod on behalf of ACCRC and costs incurred and grants made are reimbursed by ACCRC [note 14[c]].
- [e] General Synod is co-defendant with the Government of Canada and certain dioceses in a number of legal cases involving substantial claims arising from the operation of IRS. The Anglican Amending Agreement provides that the Government of Canada will be responsible for payment of all further amounts related to residential schools claims covered by the Settlement Agreement.

Certain other outstanding claims, such as those where the cause of action is not related to an intentional tort [e.g., for loss or diminution of aboriginal language or culture], are not covered by the Settlement Agreement for a limited number of people who opted out of the 2006 Indian Residential Schools Settlement Agreement. As well, there are possible claims not covered by the Settlement Agreement. No provision has been made in these consolidated financial statements for costs, if any, which might arise from a finding of liability in connection with actions not covered by the Settlement Agreement.

## **The General Synod of the Anglican Church of Canada**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of General Synod have been prepared by management in accordance with Canadian generally accepted accounting principles. Significant accounting policies are summarized below:

##### **Revenue recognition**

The accounts of General Synod are maintained in accordance with the deferral method of accounting for contributions. Unrestricted donations and bequests are recorded when received. Restricted contributions are recognized in the year in which the related expense is incurred. Endowment contributions are recorded as direct increases to net assets.

Inventory sales are recognized when title passes. Advertising revenue related to the Anglican Journal is recognized when the publication is distributed.

##### **Grants**

Grants are recorded as payable in the year in which they are approved.

##### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, units in money market funds and short-term deposits with original maturities of less than 90 days from the date of purchase. Cash and cash equivalents meeting the definition of cash and cash equivalents that are held for investing rather than operating purposes are classified as long-term investments.

##### **Investments and investment income (loss)**

Publicly traded securities are valued based on the latest bid prices and pooled funds are valued based on reported unit values. Short-term securities are valued based on cost plus accrued income, which approximates market value. Transactions are recorded on a settlement-date basis and transaction costs are expensed as incurred. The market value of investments denominated in foreign currencies is translated into Canadian dollars at year-end exchange rates. Income from these investments is translated at exchange rates in effect when the income is earned.

Investment income (loss) required to be added to (deducted from) the endowment capital is recorded as a direct increase (decrease) to net assets. Other restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income (loss) is recognized in the consolidated statement of operations when earned.

## **The General Synod of the Anglican Church of Canada**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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#### **Inventory**

Inventory comprises stock of ABC Publishing, which is carried at the lower of cost, as determined using the first-in, first-out method, and net realizable value.

#### **Property and equipment**

Property and equipment are carried at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets over the following periods:

Building	40 years
Furniture and equipment	3 to 10 years

#### **Annuities**

Annuities are recorded at the greater of: [i] the net present value of the future obligations as determined by an actuary; and [ii] the amounts contributed, net of an administration fee, plus income earned less annuity payments. Any amount remaining in an annuitant's account upon the death of the annuitant is payable to the designated beneficiary.

#### **Allocation of expenses**

The costs of each program include the costs of personnel and other expenses that are directly related to providing the program. General support and other costs are not allocated except for certain personnel costs allocated to diocesan support expenses and ABC Publishing expenses.

Personnel costs are allocated based on the time spent by personnel providing support to dioceses and ABC Publishing.

#### **Contributed materials and services**

Contributed materials and services are not recognized in these consolidated financial statements.

#### **Pension plan**

Contributions to a multi-employer pension plan are expensed when due.

## **The General Synod of the Anglican Church of Canada**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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#### **Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates.

#### **Financial instruments**

General Synod has chosen to apply the Canadian Institute of Chartered Accountants ["CICA"] 3861: *Financial Instruments - Disclosure and Presentation* in place of CICA 3862, *Financial Instruments - Disclosures* and CICA 3863, *Financial Instruments - Presentation*.

#### **Future changes in accounting policies**

In November 2010, the Accounting Standards Board of the CICA issued Part III of the CICA Handbook that sets out the accounting standards for not-for-profit organizations that are effective for fiscal years beginning on or after January 1, 2012, with an option to early-adopt. General Synod is currently evaluating the impact of these standards.

#### **4. INVESTMENTS**

Investments of General Synod are held in The Anglican Church of Canada Consolidated Trust Fund ["The Consolidated Trust Fund"], a trust that invests funds of General Synod and other organizations. The Consolidated Trust Fund investments are managed by Connor, Clark & Lunn Private Capital Ltd. General Synod provides administrative support to The Consolidated Trust Fund at no cost.

## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

As at December 31, General Synod's share of The Consolidated Trust Fund investments, which are recorded at market value, consist of the following:

	<b>2010</b>		<b>2009</b>	
	\$	%	\$	%
<b>Cash and cash equivalents</b>	<b>55,335</b>	<b>1</b>	<b>100,432</b>	<b>1</b>
<b>Fixed income</b>				
Pooled fund	5,158,369	49	4,654,671	50
<b>Total fixed income</b>	<b>5,158,369</b>	<b>49</b>	<b>4,654,671</b>	<b>50</b>
<b>Equities</b>				
Canadian equities	3,883,832	37	3,371,152	36
U.S. equities	681,423	6	642,044	7
Global pooled equity funds	728,753	7	581,492	6
<b>Total equities</b>	<b>5,294,008</b>	<b>50</b>	<b>4,594,688</b>	<b>49</b>
	<b>10,507,712</b>	<b>100</b>	<b>9,349,791</b>	<b>100</b>

#### 5. CAR AND STAFF HOUSING LOANS

Car and staff housing loans consist of the following:

	<b>2010</b>	<b>2009</b>
	\$	\$
Car loans, non-interest bearing, due within 40 months of date of issue, guaranteed by dioceses	<b>181,938</b>	257,897
Staff housing loans, with interest payable at 5%, due 2037	<b>351,216</b>	363,218
	<b>533,154</b>	621,115

Car loans are available to clergy and lay workers in the assisted dioceses, with the maximum individual loan being \$9,000.

Staff housing loans were provided to certain staff who came to work in Toronto having previously been resident outside the Greater Toronto Area.

The total fair value of car and staff housing loans approximates the carrying value in the consolidated statement of financial position.

## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

#### 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<b>2010</b>		<b>2009</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Cost</b>	<b>Accumulated amortization</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Building	3,378,035	366,359	3,344,778	281,448
Furniture and equipment	2,431,358	2,181,773	2,349,842	2,056,590
	5,809,393	2,548,132	5,694,620	2,338,038
Less accumulated amortization	2,548,132		2,338,038	
<b>Net book value</b>	<b>3,261,261</b>		<b>3,356,582</b>	

#### 7. DEFERRED CONTRIBUTIONS

[a] Deferred contributions represent externally restricted funds received by General Synod to be spent in future years. Deferred contributions are held for various restricted purposes including education, bursaries and work of the Church in the North and overseas. Revenue recognized in the consolidated statement of operations with respect to these contributions received for restricted purposes is equal to expenses incurred for the restricted purposes during the year.

[b] The continuity of the deferred contributions balance is as follows:

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Increases</b>		
Donations, grants and bequests	532,980	453,822
Investment income [note 11]	50,894	117,595
	583,874	571,417
<b>Decreases</b>		
Income recognized related to expenses for restricted purposes	341,699	437,580
<b>Net increase in deferred contributions</b>	<b>242,175</b>	<b>133,837</b>
Balance, beginning of year	1,143,409	1,009,572
<b>Balance, end of year</b>	<b>1,385,584</b>	<b>1,143,409</b>

## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 8. ENDOWMENTS

Endowments represent contributions where the donor has required that the capital be maintained permanently with the income available for various purposes, primarily for the work of the Church overseas.

#### 9. INTERNALLY DESIGNATED NET ASSETS

Internally designated net assets are amounts set aside for various special purposes based on decisions by General Synod. As at December 31, the amounts internally designated are for the following purposes:

	2010 \$	2009 \$
Amounts invested in property and equipment	3,261,260	3,356,582
Provision for Sacred Circle – 2012 meeting	200,000	—
Provision for Nationwide Fundraising Initiative	217,915	—
Provision for contingencies	79,528	—
Provision for General Synod – 2010 meeting	—	387,311
– 2013 meeting	182,509	—
Ministry Investment Fund	2,463,306	2,050,952
Other	1,512,230	1,512,230
	7,916,748	7,307,075

The Ministry Investment Fund includes a portion of undesignated legacies that are restricted for internal projects that meet certain criteria.

#### 10. ANNUITIES

In fiscal 2004, as part of its planned giving program, General Synod resumed selling charitable gift annuities to individuals where General Synod retained the liability for the ongoing annuity payments. A charitable gift annuity permits the donor to designate a beneficiary who receives any residual funds upon the death of the annuitant. These beneficiaries include dioceses, parishes, The Anglican Foundation of Canada, Primate's World Relief and Development Fund, and General Synod.

## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

#### 11. INVESTMENT INCOME

Investment income includes interest, dividends, income distribution from pooled funds, and realized and unrealized gains and losses. The amount of investment income recognized as revenue is as follows:

	2010 \$	2009 \$
<b>Total investment income</b>	<b>779,260</b>	<b>1,609,585</b>
<b>Allocated to</b>		
Externally restricted endowments	211,162	480,171
Deferred contributions related to [note 7[b]]		
Endowments	41,771	99,463
Other	9,123	18,132
Annuities	154,224	316,918
	<b>416,280</b>	<b>914,684</b>
<b>Investment income recognized in consolidated statement of operations</b>	<b>362,980</b>	<b>694,901</b>

#### 12. ALLOCATION OF EXPENSES

Diocesan support expenses include \$125,580 [2009 - \$125,580] of expenses allocated from philanthropy expenses related to support provided by General Synod employees to the dioceses.

ABC Publishing expenses include \$101,773 [2009 - \$109,573] of information resources and \$26,000 [2009 - \$26,000] of administration expenses allocated to ABC Publishing related to the support provided to this program.

#### 13. PENSION PLAN

General Synod and its employees make contributions to the General Synod Pension Plan [the "Plan"], a multi-employer defined benefit pension plan administered by the Board of Trustees of the Plan which covers certain dioceses and other church institutions. General Synod contributed \$386,469 in 2010 [2009 - \$393,816] to the Plan.



## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010

#### 14. THE ANGLICAN CHURCH OF CANADA RESOLUTION CORPORATION

- [a] ACCRC was incorporated to operate and manage the Settlement Fund, contributed into by the Anglican Entities pursuant to the Settlement Agreement and the Anglican Amending Agreement [note 2]. ACCRC is under the management and administration of three trustees appointed by General Synod.
- [b] General Synod provides administrative support to ACCRC including the AFHR [note 2[d]] and makes payments on behalf of ACCRC. In 2009, other revenue included a fee of \$29,849 for administrative services and \$18,359 to recover legal and other expenses related to residential schools claims and negotiations with the Government of Canada in connection with the Settlement Agreement and the Anglican Amending Agreement.
- [c] In 2010, administration costs incurred by General Synod in connection with the AFHR and reimbursed by ACCRC amounted to \$147,273 [2009 - \$150,438]. The expense is included in partnerships expenses in the consolidated statement of operations and the reimbursement in other revenue. Grants paid by General Synod on behalf of the AFHR and reimbursed by ACCRC amounted to \$202,866 [2009 - \$399,296].
- [d] As at December 31, 2010, an amount of \$236,300 [2009 - \$830,901] due from ACCRC is included in accounts receivable. Amounts due from ACCRC are non-interest bearing and due on demand.

#### 15. PROPERTY TRANSACTION

On January 21, 1999, General Synod, together with St. Paul's Anglican Church, Toronto, entered into an agreement with a developer to sell their jointly-owned properties at 600 Jarvis Street, Toronto. The agreement provided for General Synod to acquire office and retail space for \$3,100,000 in a new development being built on the property sold and an adjacent property which had also been purchased by the developer. General Synod took occupation of the new premises at 80 Hayden Street in 2004 and title was received in July 2006.

Under the terms of the January 21, 1999 agreement, General Synod had the option of acquiring additional retail space at 600 Jarvis Street when that property is redeveloped. The cost of this option of \$425,000 was included in other assets. In 2009, General Synod decided not to exercise its option and the amount of \$425,000 held in trust was returned to General Synod.

## **The General Synod of the Anglican Church of Canada**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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#### **16. CONTINGENCIES**

- [a] General Synod's contingent liabilities in connection with IRS claims are described in note 2[e].
- [b] General Synod is a defendant or co-defendant with several dioceses in a number of other legal claims. The potential liability, if any, with respect to these claims is not determinable. However, General Synod believes it has good defences to these claims or adequate insurance coverage for any successful claims. Any additional losses related to claims would be recorded in the year during which the amount of the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

#### **17. FINANCIAL INSTRUMENTS**

General Synod is subject to credit risk with respect to its accounts receivable and its car and staff housing loans to the extent debtors do not meet their obligations; market, interest rate price and foreign exchange risks with respect to its investments; and interest rate price risk with respect to its annuities, and car and staff housing loans.

To manage the risks related to investments, The Consolidated Trust Fund has established a target mix of investment types designed to achieve the optimal return within reasonable risk tolerances.

#### **18. LINE OF CREDIT**

General Synod has a demand operating line of credit of \$2,000,000 with interest payable at prime plus 1.0% with substantially all of its assets pledged as security. At December 31, 2010 and 2009, no amount was outstanding.

#### **19. CAPITAL MANAGEMENT**

In managing capital, General Synod focuses on liquid resources available for operations. General Synod's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2010, General Synod has met its objective of having sufficient liquid resources to meet its current obligations.

**The General Synod of the Anglican Church of Canada**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2010

**20. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS**

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2010 consolidated financial statements.

