



Grant Thornton

Financial Statements

The Anglican Church of Canada

Consolidated Trust Fund

December 31, 2016

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statement of Operations and Changes in Net Assets	3
Statement of Financial Position	4
Notes to the Financial Statements	5 - 7

## Independent Auditor's Report

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To the Trustees of  
The Anglican Church of Canada Consolidated Trust Fund

We have audited the accompanying financial statements of The Anglican Church of Canada Consolidated Trust Fund, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and changes in net assets attributable to unitholders for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, 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.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Anglican Church of Canada Consolidated Trust Fund as at December 31, 2016 and the results of its operations and changes in net assets attributable to unitholders for the year then ended in accordance with Canadian accounting standards for private enterprises.

**Other matter**

Without modifying our opinion, we note that the comparative balances of The Anglican Church of Canada Consolidated Trust Fund as at December 31, 2015 and for the year then ended were audited by another auditor, who expressed an unqualified opinion on those statements dated July 8, 2016.



Toronto, Canada  
June 24, 2017

Chartered Professional Accountants  
Licensed Public Accountants

# The Anglican Church of Canada Consolidated Trust Fund

## Statement of Operations and Changes in Net Assets Attributable to Unitholders

Year ended December 31

	Income		Capital		Total	
	2016	2015	2016	2015	2016	2015
Income						
Interest and dividends	\$ 670,223	\$ 682,262	\$ -	\$ -	\$ 670,223	\$ 682,262
Unrealized gains (losses) on foreign exchange	-	-	(80,532)	475,834	(80,532)	475,834
Realized gains on investments	-	-	365,065	2,046,516	365,065	2,046,516
Change in unrealized gains (losses) on investments	-	-	974,298	(2,339,647)	974,298	(2,339,647)
	<b>670,223</b>	<b>682,262</b>	<b>1,258,831</b>	<b>182,703</b>	<b>1,929,054</b>	<b>864,965</b>
Expenses						
Investment management and other fees	144,177	145,859	-	-	144,177	145,859
Increase in net assets attributable to unitholders	526,046	536,403	1,258,831	182,703	1,784,877	719,106
Net assets attributable to unitholders, beginning of year	-	-	22,133,352	22,431,376	22,133,352	22,431,376
Additions to capital invested	-	-	2,520,309	1,860,153	2,520,309	1,860,153
Withdrawal of capital invested	-	-	(383,705)	(294,363)	(383,705)	(294,363)
Distributions	(526,046)	(536,403)	(365,065)	(2,046,517)	(891,111)	(2,582,920)
Net assets attributable to unitholders, end of year	\$ -	\$ -	\$ 25,163,722	\$ 22,133,352	\$ 25,163,722	\$ 22,133,352

See accompanying notes to the financial statements.

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# The Anglican Church of Canada Consolidated Trust Fund

## Statement of Financial Position

December 31

2016

2015

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### Assets

Cash	\$ 234,180	\$ 150,783
Accrued income	24,270	26,720
Investments, at market value (Note 3)	<u>25,487,465</u>	<u>24,174,346</u>
	<u>\$ 25,745,915</u>	<u>\$24,351,849</u>

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### Liabilities

Accounts payable and accrued liabilities	\$ 14,032	\$ 23,120
Distributions payable	<u>568,161</u>	<u>2,195,377</u>
	<u>582,193</u>	<u>2,218,497</u>

### Net assets attributable to unitholders

	<u>25,163,722</u>	<u>22,133,352</u>
	<u>\$ 25,745,915</u>	<u>\$24,351,849</u>

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# The Anglican Church of Canada Consolidated Trust Fund

## Notes to the Financial Statements

December 31, 2016

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### 1. Description and purpose of the trust

The Anglican Church of Canada Consolidated Trust Fund ("The Consolidated Trust Fund") is a trust established pursuant to the Church of England Consolidated Trust Fund Act, 1951 (Chap. 34, Statutes of Canada, 1951 (2nd Session)). The name of the trust was changed to its present form in 1956 (Chap. 57, Statutes of Canada, 1956). The Consolidated Trust Fund is authorized to receive personal property, securities and moneys of The General Synod of the Anglican Church of Canada ("General Synod") and The Missionary Society of the Anglican Church of Canada ("The Missionary Society") and to manage and invest such as one general trust fund. In addition, The Consolidated Trust Fund may hold for investment any trust funds or other securities or moneys vested in or held by any department, board, council or committee of General Synod or of The Missionary Society, or held by any Provincial or Diocesan Synod in Canada or any board or committee thereof.

The Consolidated Trust Fund is managed as a pooled fund with participants being allocated units pro-rata to the value of their contributions made to The Consolidated Trust Fund for investment purposes.

All participants in The Consolidated Trust Fund are registered charities under the Income Tax Act (Canada) and are exempt from income taxes.

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### 2. Summary of significant accounting policies

These financial statements were prepared in accordance with Part II of the Chartered Professional Accountants of Canada Handbook - Accounting, which sets out generally accepted accounting principles for private enterprises in Canada and includes the significant accounting policies described hereafter.

#### **Basis of presentation**

Realized and unrealized gains (losses) on investments and foreign exchange are recorded in the capital section of the statement of operations and changes in net assets.

Interest and dividends are recorded in the income section of the statement of operations and changes in net assets.

A statement of cash flows was not presented as it would not provide additional information.

#### **Financial instruments**

Investments are recorded at fair value, which results in capital gains or losses being allocated to unitholders. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Other financial instruments, including accounts payable, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

# The Anglican Church of Canada Consolidated Trust Fund

## Notes to the Financial Statements

December 31, 2016

### 2. Summary of significant accounting policies (continued)

#### Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the date of the statement of financial position. Non-monetary assets and liabilities are translated at the historical rate. Exchange gains and losses are recorded in the statement of operations and changes in net assets.

#### Unit valuation

The Consolidated Trust Fund is a unitized fund which is valued quarterly. Additions to capital are permitted at the beginning of each quarter and are valued at the unit value as at the end of the previous quarter. Withdrawals of capital are valued at the unit value as at the end of the previous quarter.

#### Distributions

Distributions are allocated to unitholders quarterly, pro-rata based on the number of units held at the end of each quarter.

### 3. Investments

	<u>2016</u>		<u>2015</u>	
Fixed income				
Canadian pooled funds	<u>\$ 9,094,235</u>	<u>35.7%</u>	<u>\$ 10,557,244</u>	<u>43.7%</u>
Equities				
Canadian equities	<u>6,969,857</u>	<u>27.4%</u>	6,464,806	26.8%
U.S. equities	<u>3,447,885</u>	<u>13.5%</u>	2,892,138	12.0%
Global equity pooled funds	<u>2,738,138</u>	<u>10.7%</u>	<u>2,258,960</u>	<u>9.3%</u>
	<u>13,155,880</u>	<u>51.6%</u>	11,615,904	48.1%
Alternative investments				
Multi-strategy hedge fund	<u>2,190,562</u>	<u>8.6%</u>	1,221,273	5.0%
Infrastructure pooled fund	<u>49,093</u>	<u>0.2%</u>	-	-
	<u>2,239,655</u>	<u>8.8%</u>	1,221,273	5.0%
Real estate				
Canadian real estate pooled fund	<u>997,695</u>	<u>3.9%</u>	<u>779,925</u>	<u>3.2%</u>
	<u>\$ 25,487,465</u>	<u>100.0%</u>	<u>\$ 24,174,346</u>	<u>100.0%</u>

Investments are managed by Connor, Clark & Lunn Private Capital Ltd.



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# The Anglican Church of Canada Consolidated Trust Fund

## Notes to the Financial Statements

December 31, 2016

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#### 4. Participants' units and income distributions

All investments are pooled and each participant in The Consolidated Trust Fund is allocated units. As at December 31, 2016, there were 1,005,687 units (2015 – 917,363) issued, of which 766,013 (2015 - 691,847) were held by the General Synod.

Per unit data is as follows:

	<u>2016</u>	<u>2015</u>
Market value, as at December 31	<b>\$25.02</b>	\$24.13
Income distributions during the year	<b>\$0.52</b>	\$0.59
Realized capital gain distributions during the year	<b>\$0.36</b>	\$2.23
Net earnings for the year	<b>\$1.77</b>	\$0.78

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#### 5. Transactions with The General Synod of the Anglican Church of Canada

General Synod receives contributions and makes payments on behalf of The Consolidated Trust Fund, and provides administrative services at no cost.

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#### 6. Financial instruments

The Consolidated Trust Fund is exposed to various financial risks through transactions in financial instruments, which are unchanged from the prior year.

##### **Currency risk**

The Consolidated Trust Fund is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because the fair value and future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar.

##### **Credit risk**

The Consolidated Trust Fund is exposed to credit risk in connection with its fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

##### **Interest rate risk**

The Consolidated Trust Fund is exposed to interest rate risk with respect to its investment in a pooled fund that holds fixed income securities because the fair value will fluctuate due to changes in market interest rates.

##### **Other price risk**

The Consolidated Trust Fund is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investments in equities and pooled funds.