



Financial Statements

The Anglican Church of Canada
Resolution Corporation

December 31, 2016

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Independent Auditor's Report

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To the Trustees of
The Anglican Church of Canada Resolution Corporation

We have audited the accompanying financial statements of The Anglican Church of Canada Resolution Corporation, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and changes in fund balances and cash flows 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 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.

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 Resolution Corporation as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

Without modifying our opinion, we note that the comparative balances of The Anglican Church of Canada Resolution Corporation 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 Resolution Corporation

Statement of Operations and Changes in Fund Balances

Year ended December 31

	Settlement Fund		Anglican Fund for Healing and reconciliation		General Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue								
Interest income	\$ -	\$ -	\$ 3,470	\$ 7,447	\$ 25	\$ 10,013	\$ 3,495	\$ 17,460
Expenses								
Grants	-	-	682,654	709,214	-	-	682,654	709,214
Return of unrequired funds to Anglican Entities (Note 2(c))	-	2,764,300	-	-	-	-	-	2,764,300
Other (Note 5(b))	-	-	3,470	7,447	25	10,013	3,495	17,460
	-	2,764,300	686,124	716,661	25	10,013	686,149	3,490,974
Deficiency of revenue over expenses	-	(2,764,300)	(682,654)	(709,214)	-	-	(682,654)	(3,473,514)
Fund balances, beginning of year	-	2,764,300	1,015,317	1,724,531	-	-	1,015,317	4,488,831
Fund transfer (Notes 2(c) and 4(b))	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 332,663	\$ 1,015,317	\$ -	\$ -	\$ 332,663	\$ 1,015,317

See accompanying notes to the financial statements.

The Anglican Church of Canada Resolution Corporation

Statement of Financial Position

December 31

2016

2015

Assets

Current

Cash and cash equivalents	\$ 539,375	\$ 1,413,802
Due from The General Synod of the Anglican Church of Canada (Note 5(d))	<u>17,380</u>	<u>-</u>
	<u>\$ 556,755</u>	<u>\$ 1,413,802</u>

Liabilities

Current

Grants payable	\$ 214,996	\$ 226,832
Other	9,096	18,773
Due to The General Synod of the Anglican Church of Canada (Note 5(d))	<u>-</u>	<u>152,880</u>
	<u>224,092</u>	<u>398,485</u>

Fund balances

Settlement Fund (Note 2)	-	-
Anglican Fund for Healing and Reconciliation (Notes 2(c) and 4)	332,663	1,015,317
General Fund	<u>-</u>	<u>-</u>
	<u>332,663</u>	<u>1,015,317</u>
	<u>\$ 556,755</u>	<u>\$ 1,413,802</u>

The Anglican Church of Canada Resolution Corporation

Statement of Cash Flows

Year ended December 31

2016

2015

Increase (decrease) in cash and cash equivalents

Operating

Deficiency of revenue over expenses	\$ (682,654)	\$(3,473,514)
Change in non-cash working capital items		
Due from to The General Synod of the Anglican Church of Canada	(170,260)	(208,646)
Grants payable	(11,836)	7,482
Other liabilities	<u>(9,677)</u>	<u>-</u>
Decrease in cash and cash equivalents	(874,427)	(3,674,678)
Cash and cash equivalents, beginning of year	<u>1,413,802</u>	<u>5,088,480</u>
Cash and cash equivalents, end of year	<u>\$ 539,375</u>	<u>\$ 1,413,802</u>

The Anglican Church of Canada Resolution Corporation

Notes to the Financial Statements

December 31, 2016

1. Purpose of the organization

The Anglican Church of Canada Resolution Corporation (“ACCRC”) was incorporated as a not-for-profit corporation without share capital under the Canadian Not-for-profit Corporations Act. ACCRC is exempt from income taxes under the Income Tax Act (Canada).

ACCRC’s primary purpose is to operate and manage a fund (the “Settlement Fund”) contributed to by The General Synod of the Anglican Church of Canada (“General Synod”), The Missionary Society of the Anglican Church of Canada (“The Missionary Society”) and all dioceses in Canada (collectively referred to as the “Anglican Entities”) pursuant to the Settlement Agreement and the Anglican Amending Agreement described in Note 2. ACCRC is under the management and administration of three trustees appointed by General Synod.

2. Agreements with the Government of Canada

- (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 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.
- (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. 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 were required to contribute towards Indian Residential Schools (“IRS”) Abuse Claims and healing and reconciliation was \$15,687,188. This amount was 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.

The maximum payable by the Anglican Entities of \$15,687,188 was satisfied as follows:

- (i) Compensation of \$6,699,125 for IRS Abuse Claims paid by the Anglican Entities to November 20, 2005.
- (ii) The establishment by ACCRC of a segregated fund, the Anglican Fund for Healing and Reconciliation (the “AFHR”), satisfied by transferring \$2,200,000 from the Settlement Fund in 2007 (Note 4(b)).
- (iii) A minimum of \$402,367 of in-kind services, or cash payments into the AFHR from the Settlement Fund (Note 4(b)) each year over a ten-year period commencing in 2008, or until the contributions total \$4,023,675, whichever came earlier. This amount was permitted to be used to fund projects carried out by the Anglican Entities or third parties (Note 4(a)).

The Anglican Church of Canada Resolution Corporation

Notes to the Financial Statements

December 31, 2016

2. Agreements with the Government of Canada (continued)

- (iv) The amount of \$2,764,300 was held in the Settlement Fund representing the maximum eligible for return to the Anglican Entities based on the actual amounts contributed by the Catholic Entities.

Confirmation of the results of the Catholic Entities' fundraising campaign was received in 2015. As a result, the maximum amount of \$2,764,300 that was eligible for return to the Anglican Entities was returned in fiscal 2015 and the Settlement Fund is now fully depleted.

- (d) The Settlement Agreement provides that interest income earned on the investment of funds held for the Settlement Fund by ACCRC is to be first used for the payment of reasonable administrative costs of the Settlement Fund, and thereafter as determined by ACCRC. The Anglican Amending Agreement provides that interest accruing on funds held for the AFHR will be first used for the payment of reasonable administrative expenses related to the AFHR and that any excess will be added to the funds available for grants. The Anglican Amending Agreement provides that any expenses in excess of the interest income earned may be recovered from the Settlement Fund if approved by the Government of Canada.

3. Summary of significant accounting policies

Basis of accounting

ACCRC has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

ACCRC has formally set aside certain funds which are to be used for specific purposes. A description of each of these funds follows:

Settlement Fund

The Settlement Fund holds resources to be used to satisfy certain of the Anglican Entities' obligations under the Anglican Amending Agreement (Note 2(c)).

Anglican Fund for Healing and Reconciliation

The AFHR was created in accordance with the terms of the Anglican Amending Agreement for funds that will be made available for initiatives or programs designed to assist with healing and reconciliation that have been approved by the AFHR Committee (the "AFHRC") established by the Anglican Amending Agreement (Notes 2(c) and 4).

General Fund

The General Fund accounts for accumulated unrestricted funds. Under the terms of the Settlement Agreement, investment income earned on the Settlement Fund is available to ACCRC to offset reasonable administration expenses and thereafter as determined by ACCRC.

The Anglican Church of Canada Resolution Corporation

Notes to the Financial Statements

December 31, 2016

3. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and units in a money market fund.

Financial instruments

Financial instruments, including amounts payable, are initially recorded at fair value and subsequently measured at amortized cost.

Revenue recognition

ACCRC follows the restricted fund method of accounting for restricted contributions. Contributions are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue of either the AFHR or the Settlement Fund, as applicable, in the year in which they are received. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Investment income is recorded on the accrual basis.

Grants

Grants are accrued when approved by the AFHRC and the grantee has been notified.

4. Anglican Fund for Healing and Reconciliation

- (a) The AFHR has been established in accordance with the Anglican Amending Agreement (Note 2(c)) and must be managed in accordance with this agreement. Grants from the AFHR to the Anglican Entities or third parties must be approved by the AFHRC. The Anglican Amending Agreement sets out the criteria to be used by the AFHRC to determine whether a project is eligible for a grant. The funds in the AFHR must be paid out by 2019 and any funds not paid out by that date must be transferred to the Aboriginal Healing Foundation or to another charitable organization agreed upon unanimously by the AFHRC.
- (b) The initial transfer of funds to the AFHR of \$2,200,000, as required by the Anglican Amending Agreement, was made in 2007. Transfers of \$402,367 from the Settlement Fund to the AFHR were made from 2008 to 2013 in accordance with the Anglican Amending Agreement. In 2014, \$170,095 was transferred to the AFHR, which represents the amount in the Settlement Fund after setting aside the maximum amount that may be refunded to the Anglican Entities of \$2,764,300 (Note 2(c)). No further amounts were transferred as the Settlement Fund was depleted following the refund to the Anglican Entities during 2015.

The Anglican Church of Canada Resolution Corporation

Notes to the Financial Statements

December 31, 2016

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

- (a) General Synod provides administrative support to ACCRC at no cost, and makes payments on behalf of ACCRC.
- (b) In 2016, General Synod incurred expenses of \$159,212 (2015 - \$156,997) relating to the administering of the AFHR of which \$153,989 related to administrative expenses and \$5,223 related to audit fee expense.

In 2016, other expenses charged to the AFHR of \$3,470 (2015 - \$7,447) represents the maximum available to partially defray the administrative expenses incurred by General Synod to administer the AFHR and is equal to the interest income earned on funds held for the AFHR.
- (c) Grants paid by General Synod on behalf of the AFHR and reimbursed by ACCRC amounted to \$31,784 (2015 - \$365,396).
- (d) As at December 31, 2016, an amount of \$17,380 is due from General Synod (2015 - \$152,880 due to General Synod). Amounts due from/to General Synod are non-interest bearing and due on demand.