

Financial Statements

**The Anglican Church of Canada
Consolidated Trust Fund**

December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Financial Management Committee of
The General Synod of the Anglican Church of Canada as 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, 2015 and the statement of operations and changes in net assets 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 auditors' 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 auditors consider 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, 2015 and the results of its operations and changes in its net assets for the year then ended in accordance with Canadian accounting standards for private enterprises.

Toronto, Canada
July 8, 2016

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants

The Anglican Church of Canada Consolidated Trust Fund

STATEMENT OF FINANCIAL POSITION

As at December 31

	2015	2014
	\$	\$
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ASSETS		
Cash	150,783	87,235
Accrued income	26,720	24,165
Investments, at market value <i>[note 3]</i>	24,174,346	22,679,732
	<hr/> 24,351,849	<hr/> 22,791,132
<hr/>		
LIABILITIES		
Accounts payable and accrued liabilities	23,120	23,120
Accrued income distributions	2,195,377	336,636
	<hr/> 2,218,497	<hr/> 359,756
Net assets	<hr/> 22,133,352	<hr/> 22,431,376
<hr/>		
Consisting of		
Income	—	—
Capital	22,133,352	22,431,376
	<hr/> 22,133,352	<hr/> 22,431,376
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See accompanying notes

The Anglican Church of Canada Consolidated Trust Fund

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31

	Total		Income		Capital	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
INCOME						
Interest and dividends	682,262	616,713	682,262	616,713	—	—
Unrealized gain on foreign exchange	475,834	195,776	—	—	475,834	195,776
Realized gain on investments	2,046,516	251,125	—	—	2,046,516	251,125
Change in unrealized gain (loss) on investments	(2,339,647)	801,250	—	—	(2,339,647)	801,250
	864,965	1,864,864	682,262	616,713	182,703	1,248,151
EXPENSES						
Fees	145,859	141,495	145,859	141,495	—	—
Increase in net assets from operations	719,106	1,723,369	536,403	475,218	182,703	1,248,151
Net assets, beginning of year	22,431,376	20,250,076	—	247,962	22,431,376	20,002,114
Additions to capital invested	1,860,153	1,634,838	—	—	1,860,153	1,634,838
Withdrawal of capital invested	(294,363)	(202,602)	—	—	(294,363)	(202,602)
Distributions	(2,582,920)	(974,305)	(536,403)	(723,180)	(2,046,517)	(251,125)
Net assets, end of year	22,133,352	22,431,376	—	—	22,133,352	22,431,376

See accompanying notes

The Anglican Church of Canada Consolidated Trust Fund

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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.

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.

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Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

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

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.

3. INVESTMENTS

Investments, at market value, consist of the following:

	<u>2015</u>		<u>2014</u>	
	\$	%	\$	%
Fixed income				
Canadian pooled funds	10,557,244	43.7	10,287,173	45.4
Total fixed income	10,557,244	43.7	10,287,173	45.4
Equities				
Canadian equities	6,464,806	26.8	6,446,099	28.4
Canadian equity pooled funds	—	—	126,587	0.6
U.S. equities	2,892,138	12.0	2,523,863	11.1
Global equity pooled funds	2,258,960	9.3	1,659,834	7.3
Total equities	11,615,904	48.1	10,756,383	47.4
Alternative investments				
Multi-strategy hedge fund	1,221,273	5.0	1,127,314	5.0
Total alternative investments	1,221,273	5.0	1,127,314	5.0
Real estate				
Canadian real estate pooled fund	779,925	3.2	508,862	2.2
Total real estate	779,925	3.2	508,862	2.2
	24,174,346	100.0	22,679,732	100.0

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

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NOTES TO FINANCIAL STATEMENTS

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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, 2015, there were 917,363 units [2014 – 858,211] issued. The market value of each unit as at December 31, 2015 was \$24.13 [2014 – \$26.14].

Income distributions during the year were \$0.59 [2014 – \$0.87] per unit.

Realized capital gain distributions during the year were \$2.23 [2014 – \$0.29] per unit.

5. TRANSACTIONS WITH THE GENERAL SYNOD OF THE ANGLICAN CHURCH OF CANADA

[a] General Synod receives contributions and makes payments on behalf of The Consolidated Trust Fund. As at December 31, 2015 and 2014, there was no amount due to General Synod. Any amount due to General Synod is non-interest bearing and due on demand.

[b] General Synod provides administrative services at no cost to The Consolidated Trust Fund.

6. FINANCIAL INSTRUMENTS

The Consolidated Trust Fund is exposed to various financial risks through transactions in financial instruments.

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.

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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.

