



Consolidated Financial Statements

The General Synod of the
Anglican Church of Canada

December 31, 2017

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Independent Auditor's Report

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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, 2017 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 accounting standards for not-for-profit organizations, 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 auditors consider 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 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, 2017 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.

Grant Thornton LLP

Toronto, Canada
June 2, 2018

Chartered Professional Accountants
Licensed Public Accountants

The General Synod of the Anglican Church of Canada

Consolidated Statement of Operations

Year ended December 31

2017

2016

Revenue		
Contributions from dioceses	\$ 8,416,738	\$ 8,487,035
Other (Note 4)	1,556,498	1,878,310
Anglican Journal	1,352,977	1,305,415
Resources for Mission	<u>611,846</u>	<u>716,786</u>
	<u>11,938,059</u>	<u>12,387,546</u>
Expenses		
Council of North grants	2,150,000	2,150,000
Anglican Journal	2,061,701	1,952,758
Administration	1,431,582	1,395,202
Other Program Initiatives	886,991	1,008,094
Primate and House of Bishops	795,984	694,696
Governance (Note 6)	756,300	1,854,829
Indigenous Ministries	691,251	549,578
Communications	678,107	720,754
Global Relations	633,100	697,331
Faith, Worship and Ministry	437,033	440,198
Resources for Mission	349,916	634,827
Affiliations	274,544	277,935
Diocesan support	140,676	181,612
Public Witness for Social and Ecological Justice	<u>129,660</u>	<u>104,992</u>
	<u>11,416,845</u>	<u>12,662,806</u>
Excess (deficiency) of revenue over expenses before the following	521,214	(275,260)
Investment income (Note 7)	998,523	887,252
Undesignated legacies	<u>211,686</u>	<u>13,500</u>
Excess of revenue over expenses	<u>\$ 1,731,423</u>	<u>\$ 625,492</u>

The General Synod of the Anglican Church of Canada

Consolidated Statement of Changes in Net Assets

Year ended December 31

	<u>Unrestricted</u>	<u>Internally designated</u>	<u>Endowments</u>	<u>Total 2017</u>	<u>Total 2016</u>
Net assets, beginning of year	\$ 3,791,386	\$ 10,867,827	\$ 4,653,896	\$ 19,313,109	\$ 18,471,299
Excess of revenue over expenses	1,731,423	-	-	1,731,423	625,492
Transfer to (from) internally designated net assets, net (Note 11)	(867,103)	867,103	-	-	-
Investment income allocated to externally restricted endowments (Note 7)	-	-	245,193	245,193	216,318
Net assets, end of year	<u>\$ 4,655,706</u>	<u>\$ 11,734,930</u>	<u>\$ 4,899,089</u>	<u>\$21,289,725</u>	<u>\$ 19,313,109</u>

See accompanying notes to the consolidated financial statements.

The General Synod of the Anglican Church of Canada

Consolidated Statement of Financial Position

December 31

2017

2016

Assets

Current

Cash and cash equivalents	\$ 1,363,150	\$ 1,739,842
Accounts receivable (Note 6)	1,960,570	1,312,442
Inventory	137,463	187,119
Prepaid expenses and other assets	<u>125,592</u>	<u>108,198</u>
	3,586,775	3,347,601
Investments (Note 7)	20,468,368	19,166,733
Car and staff housing loans (Note 8)	411,272	514,597
Capital assets (Note 9)	<u>2,529,952</u>	<u>2,608,807</u>
	<u>\$ 26,996,367</u>	<u>\$ 25,637,738</u>

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	\$ 934,428	\$ 1,392,329
Deferred contributions (Note 5)	<u>2,955,610</u>	<u>3,062,556</u>
	3,890,038	4,454,885
Annuitants (Note 10)	<u>1,816,604</u>	<u>1,869,744</u>
	<u>5,706,642</u>	<u>6,324,629</u>
Net assets		
Unrestricted	4,655,706	3,791,386
Internally designated (Note 11)	11,734,930	10,867,827
Endowments (Note 3)	<u>4,899,089</u>	<u>4,653,896</u>
	<u>21,289,725</u>	<u>19,313,109</u>
	<u>\$ 26,996,367</u>	<u>\$ 25,637,738</u>

Contingencies (Notes 2(e) and 12)

The General Synod of the Anglican Church of Canada

Consolidated Statement of Cash Flows

Year ended December 31

2017

2016

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses	\$ 1,731,423	\$ 625,492
Items not affecting cash		
Amortization	116,419	149,697
Reinvested investment income	(998,523)	<u>(887,252)</u>
	849,319	(112,063)

Change in non-cash working capital items

Accounts receivable	(648,128)	1,808,546
Inventory	49,656	34,353
Prepaid expense and other assets	(17,394)	30,175
Accounts payable and accrued liabilities	(457,901)	20,049
Deferred contributions	(106,946)	<u>186,446</u>
	(331,394)	<u>1,967,506</u>

Investing

Purchase of capital assets	(37,564)	(16,289)
Contributions to The Consolidated Trust Fund, net	(57,919)	(1,370,862)
Increase in car and staff housing loans	103,325	88
Other changes in annuities, net	(53,140)	<u>(167,166)</u>
	(45,298)	<u>(1,554,229)</u>

(Decrease) increase in cash and cash equivalents

(376,692) 413,277

Cash and cash equivalents, beginning of year

1,739,842 1,326,565

Cash and cash equivalents, end of year

\$ 1,363,150 \$ 1,739,842

The General Synod of the Anglican Church of Canada

Notes to the Consolidated Financial Statements

December 31, 2017

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 established as a non-profit corporation under the Canada Not-for-profit Corporations Act and is a registered charity with Canada Revenue Agency, and thus, is not subject to income taxes.

The consolidated financial statements include the assets, liabilities, net assets, revenue and expenses of General Synod and The Missionary Society of the Anglican Church of Canada (“The Missionary Society”).

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 Indian Residential Schools (IRS) and to establish a framework to apportion and pay liabilities related to these IRS Abuse 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”) (Note 6).
- (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”).

The General Synod of the Anglican Church of Canada

Notes to the Consolidated Financial Statements

December 31, 2017

2. Residential School claims (continued)

- (c) Under the Anglican Amending Agreement, the maximum amount the Anglican Entities were required to contribute towards IRS Abuse Claims and healing and reconciliation was \$15,687,188. This amount was calculated based on the maximum amount that the Catholic Entities were required to contribute towards IRS Abuse Claims and healing and reconciliation as set out in an agreement with the Government of Canada. The maximum amount of \$2,764,300 was refunded to the Anglican Entities from the Settlement Fund, which is now fully depleted, after the amount contributed by the Catholic Entities towards IRS Abuse Claims was finalized in 2015.
- (d) Under the Anglican Amending Agreement, a fund called the Anglican Fund for Healing and Reconciliation (“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 6).
- (e) General Synod is a 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 Abuse Claims. 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.

3. Summary of significant accounting policies

Basis of accounting

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

Revenue recognition

General Synod follows the deferral method of accounting for contributions, which include grants, bequests and other donations. Grants and bequests are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims.

The General Synod of the Anglican Church of Canada

Notes to the Consolidated Financial Statements

December 31, 2017

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Externally restricted endowment contributions are recognized as direct increases in net assets when initially recorded in the accounts.

Investment income (loss), which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded in the consolidated statement of operations, except to the extent that it is externally restricted, in which case it is added to or deducted from endowment net assets or other restricted balances.

Publishing revenue is recognized at the point of sale. Advertising and subscription revenues related to the Anglican Journal are recognized when the publication is distributed.

Endowments

Endowments represent contributions where the donor has required that the capital be maintained permanently with the income available for various purposes.

Grants

Grants are recorded when approved and the recipient has met all conditions.

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.

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 receivable, car and staff housing loans, accounts payable, and annuities, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment in the case of financial assets.

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.

The General Synod of the Anglican Church of Canada

Notes to the Consolidated Financial Statements

December 31, 2017

3. Summary of significant accounting policies (continued)

Capital assets

Capital assets 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.

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 consolidated statement of financial position. Non-monetary assets and liabilities are translated at the historical rate. Exchange gains and losses are included in the consolidated statement of operations, except to the extent that they relate to investments, in which case they are accounted for consistent with investment income (loss).

Contributed materials and services

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

Pension plan

The General Synod participates in a multi-employer defined benefit plan. As required under ASNPO, defined contribution plan accounting is applied to the multi-employer defined benefit plan, whereby contributions are expensed on an accrual basis, as the participating employers do not individually have sufficient information to apply defined benefit plan accounting.

Use of estimates

The presentation of the General Synod's financial statements, in conformity with ASNPO, requires management to make estimates and assumptions that affect the amounts in the financial statements and the disclosure in the notes thereto. Actual results could differ from those estimates used in preparing the financial statements. Balances which require some degree of estimation are accounts receivable (allowance for doubtful accounts), inventory (obsolescence), capital assets (amortization), accounts payable and accrued liabilities (completeness), annuities (valuation), and allocated expenses.

The General Synod of the Anglican Church of Canada

Notes to the Consolidated Financial Statements

December 31, 2017

4. Other revenue

Other revenue includes the following:

	2017	2016
Grants and other contributions	\$ 993,948	\$ 890,165
Cost-sharing	270,428	232,799
ABC Publishing	147,341	161,679
Other	74,456	50,823
Calendar sales	70,325	120,858
General Synod – 2016 Meeting	-	421,986
	\$ 1,556,498	\$ 1,878,310

5. Deferred contributions

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 is equal to expenses incurred for the restricted purposes during the year.

The continuity of the deferred contributions balance is as follows:

	2017	2016
Increase		
Donations, grants and bequests	\$ 1,201,300	\$ 1,383,691
Investment income (Note 7)	124,237	130,007
	1,325,537	1,513,698
Decrease		
Income recognized related to expenses for restricted purposes	1,432,483	1,327,252
Net (decrease) increase in deferred contributions	(106,946)	186,446
Balance, beginning of year	3,062,556	2,876,110
Balance, end of year	\$ 2,955,610	\$ 3,062,556

The General Synod of the Anglican Church of Canada

Notes to the Consolidated Financial Statements

December 31, 2017

6. The Anglican Church of Canada Resolution Corporation

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.

The General Synod expenses include the provision of administrative support to ACCRC including the AFHR (Note 2(d)). In 2017, administration costs incurred by General Synod in connection with the AFHR and reimbursed by ACCRC amounted to \$1,100 (2016 - \$3,470). The expense is included in governance expenses in the consolidated statement of operations and the reimbursement in other revenue. Costs incurred relating to the administering of the AFHR were \$158,495 (2016 - \$159,212) of which \$153,298 related to administrative expenses and \$5,197 related to audit fee expense included in administration expenses in the Consolidated Statement of Operations.

The General Synod also makes payments on behalf of ACCRC from time to time. Grants paid by General Synod on behalf of the AFHR and reimbursed by ACCRC amounted to \$Nil (2016 - \$31,784).

Included in accounts receivable as at December 31, 2017 is \$996 due from ACCRC (2016 - \$17,380 due to ACCRC). Amounts due from ACCRC are non-interest bearing and due on demand.

7. 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's investments are managed by Connor, Clark & Lunn Private Capital Ltd. General Synod provides administrative support to The Consolidated Trust Fund at no cost.

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

	<u>2017</u>		<u>2016</u>	
Cash and cash equivalents	<u>\$ 99,883</u>	<u>0.5%</u>	<u>\$ 192,405</u>	<u>1%</u>
Fixed income				
Canadian pooled fund	<u>6,897,889</u>	<u>34%</u>	<u>6,770,269</u>	<u>35%</u>
Equities				
Canadian equities	<u>5,736,351</u>	<u>28%</u>	<u>5,188,761</u>	<u>27%</u>
U.S. equities	<u>2,901,141</u>	<u>14%</u>	<u>2,566,803</u>	<u>13%</u>
Global equity pooled funds	<u>2,267,599</u>	<u>11%</u>	<u>2,038,427</u>	<u>11%</u>
	<u>10,905,091</u>	<u>53%</u>	<u>9,793,991</u>	<u>51%</u>
Alternative investments				
Multi-strategy fund	<u>1,648,622</u>	<u>8%</u>	<u>1,630,780</u>	<u>9%</u>
Infrastructure fund	<u>105,719</u>	<u>0.5%</u>	<u>36,548</u>	<u>0%</u>
	<u>1,754,341</u>	<u>8.5%</u>	<u>1,667,328</u>	<u>9%</u>
Real estate				
Canadian real estate pooled fund	<u>811,164</u>	<u>4%</u>	<u>742,740</u>	<u>4%</u>
	<u>\$ 20,468,368</u>	<u>100%</u>	<u>\$ 19,166,733</u>	<u>100%</u>

The General Synod of the Anglican Church of Canada

Notes to the Consolidated Financial Statements

December 31, 2017

7. Investments (continued)

Investment income includes the following:

	2017	2016
Net unrealized gains	\$ 340,006	\$ 437,692
Income distributions	269,426	272,960
Net realized capital gains	<u>389,091</u>	<u>176,600</u>
	<u>\$ 998,523</u>	<u>\$ 887,252</u>

Investment income was recognized as revenue as follows:

	2017	2016
Total investment income	<u>\$ 1,505,299</u>	<u>\$ 1,375,786</u>
Allocated to		
Externally restricted endowments	245,193	216,318
Deferred contributions related to (Note 5)		
Endowments	76,826	77,869
Other	47,411	52,138
Annuities	<u>137,346</u>	<u>142,209</u>
	<u>506,776</u>	<u>488,534</u>
Investment income recognized in the consolidated statement of operations	<u>\$ 998,523</u>	<u>\$ 887,252</u>

8. Car and staff housing loans

Car and staff housing loans consist of the following:

	2017	2016
Car loans, non-interest bearing, due within 40 months of date of issue, guaranteed by dioceses	\$ 136,028	\$ 230,143
Staff housing loans, with interest payable at 2.56%, due 2037 (2016 - 3.09%, due 2037)	<u>275,244</u>	<u>284,454</u>
	<u>\$ 411,272</u>	<u>\$ 514,597</u>

Car loans are available to clergy and lay workers in the assisted dioceses, with the maximum individual loan being \$16,000.

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

The General Synod of the Anglican Church of Canada

Notes to the Consolidated Financial Statements

December 31, 2017

9. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net Book Value</u>	<u>2016 Net Book Value</u>
Building	\$ 3,416,967	\$ 963,430	\$ 2,453,537	\$ 2,538,922
Furniture and equipment	<u>905,829</u>	<u>829,414</u>	<u>76,415</u>	<u>69,885</u>
	<u>\$ 4,322,796</u>	<u>\$ 1,792,844</u>	<u>\$ 2,529,952</u>	<u>\$ 2,608,807</u>

10. Annuities

The General Synod holds charitable gift annuities. 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 most recent valuation of the annuities liability was completed as of December 31, 2017.

11. Internally designated net assets

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

	<u>Balances, January 1, 2017</u>	<u>Net transfers</u>	<u>Balances, December 31, 2017</u>
Ministry Investment Fund	\$ 3,636,658	\$ 62,199	\$ 3,698,857
Amounts invested in capital assets	2,608,807	(78,855)	2,529,952
Provision for contingencies	1,740,341	(34,243)	1,706,098
Provision for General Synod – 2019	677,964	200,000	877,964
Healing Fund	-	500,000	500,000
Provision for Sacred Circle – 2018 meeting	243,118	200,000	443,118
ACCRC returned funds	324,509	-	324,509
Provision for Nationwide Fundraising Initiative	114,200	-	114,200
Other	<u>1,522,230</u>	<u>18,002</u>	<u>1,540,232</u>
	<u>\$10,867,827</u>	<u>\$ 867,103</u>	<u>\$11,734,930</u>

All undesignated legacies are transferred to the Ministry Investment Fund. The Ministry Investment Fund provides funding for internal projects that meet certain criteria.

The General Synod of the Anglican Church of Canada

Notes to the Consolidated Financial Statements

December 31, 2017

12. Contingencies

General Synod's contingent liabilities in connection with IRS Abuse Claims claims are described in Note 2(e).

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.

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. The most recent valuation for financial reporting purposes completed by the Plan as of December 31, 2016 disclosed net assets available for benefits of \$757,138,000 with pension obligations of \$658,380,000, resulting in a surplus of \$98,758,000. The next valuation as of December 31, 2017 is expected to be completed in the fourth quarter of 2018.

During the year, General Synod made contributions of \$397,152 (2016 - \$392,979) to the Plan.

14. Line of credit

General Synod has a demand operating line of credit of \$2,000,000 with interest payable at prime plus 0.5% with substantially all of its assets pledged as security. As at December 31, 2017 and 2016, no amount was outstanding.

15. Financial instruments

General Synod is exposed to various financial risks through transactions in financial instruments. General Synod's financial risk exposure is unchanged from the prior year.

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. General Synod is exposed to foreign currency risk with respect to the underlying investments held in The Consolidated Trust Fund denominated in foreign currencies.

Credit risk

Credit risk arises as a result of the potential non-performance by counterparties of contract obligations which could lead to a financial loss to General Synod. General Synod is exposed to credit risk in connection with its accounts receivable, car and staff housing loans, and the short-term and fixed income investments held in The Consolidated Trust Fund.

The General Synod of the Anglican Church of Canada

Notes to the Consolidated Financial Statements

December 31, 2017

15. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of market changes in interest rates. General Synod is exposed to interest rate risk with respect to the car and staff housing loans, the investments in fixed income investments held in The Consolidated Trust Fund, and its annuities payable because the fair value will fluctuate due to changes in market interest rates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. General Synod is exposed to other price risk in connection with the investments in equity securities and pooled funds held in The Consolidated Trust Fund.

Liquidity Risk

Liquidity risk is the risk that General Synod will encounter difficulty in meeting its obligations. General Synod meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

16. Comparative consolidated financial statements

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2017 consolidated financial statements.