

Consolidated Financial Statements

**The General Synod of the  
Anglican Church of Canada**  
December 31, 2015



Building a better  
working world

# 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, 2015 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, 2015 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.

Toronto, Canada  
July 8, 2016

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants

## The General Synod of the Anglican Church of Canada

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

|   | 2015              | 2014              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>ASSETS</b>                               |                   |                   |
| <b>Current</b>                              |                   |                   |
| Cash and cash equivalents                   | 1,326,565         | 1,879,788         |
| Accounts receivable <i>[note 14[c]]</i>     | 3,120,988         | 1,791,502         |
| Inventory                                   | 221,472           | 129,735           |
| Prepaid expenses and other assets           | 138,373           | 128,798           |
| <b>Total current assets</b>                 | <b>4,807,398</b>  | <b>3,929,823</b>  |
| Investments <i>[note 4]</i>                 | 16,692,301        | 17,152,979        |
| Car and staff housing loans <i>[note 5]</i> | 514,685           | 439,397           |
| Capital assets, net <i>[note 6]</i>         | 2,742,215         | 2,826,425         |
|   | <b>24,756,599</b> | <b>24,348,624</b> |
| <b>LIABILITIES AND NET ASSETS</b>           |                   |                   |
| <b>Current</b>                              |                   |                   |
| Accounts payable and accrued liabilities    | 1,372,280         | 1,503,411         |
| Deferred contributions <i>[note 7]</i>      | 2,876,110         | 2,766,396         |
| <b>Total current liabilities</b>            | <b>4,248,390</b>  | <b>4,269,807</b>  |
| Annuities <i>[note 8]</i>                   | 2,036,910         | 2,173,921         |
| <b>Total liabilities</b>                    | <b>6,285,300</b>  | <b>6,443,728</b>  |
| Contingencies <i>[notes 2[e] and 15]</i>    |                   |                   |
| <b>Net assets</b>                           |                   |                   |
| Unrestricted                                | 3,063,644         | 2,930,923         |
| Internally designated <i>[note 9]</i>       | 10,970,077        | 10,574,747        |
| Endowments <i>[note 10]</i>                 | 4,437,578         | 4,399,226         |
| <b>Total net assets</b>                     | <b>18,471,299</b> | <b>17,904,896</b> |
|   | <b>24,756,599</b> | <b>24,348,624</b> |

*See accompanying notes*

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

**CONSOLIDATED STATEMENT OF OPERATIONS**

Year ended December 31

|   | 2015              | 2014              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>REVENUE</b>  |                   |                   |
| Contributions from dioceses                                     | 8,501,480         | 8,368,195         |
| Anglican Journal  | 1,539,071         | 1,558,964         |
| Resources for Mission <i>[note 7[a]]</i>                        | 1,287,814         | 1,238,307         |
| Other <i>[notes 2[c] and 14[b]]</i>                             | 882,381           | 569,440           |
| ABC Publishing  | 169,160           | 198,772           |
|   | <b>12,379,906</b> | <b>11,933,678</b> |
| <b>EXPENSES</b>   |                   |                   |
| Council of the North grants                                     | 2,149,954         | 2,149,954         |
| Anglican Journal  | 2,087,671         | 1,989,547         |
| Administration  | 1,457,574         | 1,601,899         |
| Relationships   | 1,256,880         | 1,111,297         |
| Governance <i>[note 14[b]]</i>                                  | 1,073,018         | 1,028,271         |
| Indigenous Ministries   | 957,217           | 571,476           |
| Resources for Mission <i>[note 12]</i>                          | 892,850           | 902,452           |
| Communications and information resources <i>[note 12]</i>       | 849,964           | 885,936           |
| Primate and House of Bishops                                    | 640,018           | 581,827           |
| Faith, Worship and Ministry                                     | 496,748           | 434,492           |
| Diocesan support <i>[note 12]</i>                               | 250,707           | 295,503           |
| ABC Publishing <i>[note 12]</i>                                 | 67,637            | 124,137           |
| Miscellaneous   | 193,830           | 192,789           |
|   | <b>12,374,068</b> | <b>11,869,580</b> |
| <b>Excess of revenue over expenses before<br/>the following</b> | <b>5,838</b>      | <b>64,098</b>     |
| Investment income <i>[note 11]</i>                              | 344,317           | 842,512           |
| Undesignated legacies   | 177,896           | 203,442           |
| <b>Excess of revenue over expenses for the year</b>             | <b>528,051</b>    | <b>1,110,052</b>  |

*See accompanying notes*

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</u>      |             |
|--|---------------------|-------------|------------------------------|-------------|-------------------|-------------|-------------------|-------------|
|  | <u>2015</u>         | <u>2014</u> | <u>2015</u>                  | <u>2014</u> | <u>2015</u>       | <u>2014</u> | <u>2015</u>       | <u>2014</u> |
|  | \$                  | \$          | \$                           | \$          | \$                | \$          | \$                | \$          |
|  |                     |             | <i>[note 9]</i>              |             | <i>[note 10]</i>  |             |                   |             |
| <b>Net assets, beginning of year</b>   | <b>2,930,923</b>    | 2,428,786   | <b>10,574,747</b>            | 9,966,832   | <b>4,399,226</b>  | 4,160,416   | <b>17,904,896</b> | 16,556,034  |
| Excess of revenue over expenses for the year                                     | <b>528,051</b>      | 1,110,052   | —                            | —           | —                 | —           | <b>528,051</b>    | 1,110,052   |
| Transfer to internally designated net assets, net <i>[note 9]</i>                | <b>(395,330)</b>    | (607,915)   | <b>395,330</b>               | 607,915     | —                 | —           | —                 | —           |
| Investment income allocated to externally restricted endowments <i>[note 11]</i> | —                   | —           | —                            | —           | <b>38,352</b>     | 238,810     | <b>38,352</b>     | 238,810     |
| <b>Net assets, end of year</b>   | <b>3,063,644</b>    | 2,930,923   | <b>10,970,077</b>            | 10,574,747  | <b>4,437,578</b>  | 4,399,226   | <b>18,471,299</b> | 17,904,896  |

*See accompanying notes*

## The General Synod of the Anglican Church of Canada

### CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31

|   | 2015               | 2014             |
|---|--------------------|------------------|
|   | \$                 | \$               |
| <b>OPERATING ACTIVITIES</b>   |                    |                  |
| Excess of revenue over expenses for the year  | 528,051            | 1,110,052        |
| Add item not affecting cash   |                    |                  |
| Amortization  | 121,879            | 114,605          |
| Net change in non-cash working capital balances<br>related to operations            | (1,452,215)        | 416,398          |
| Reinvested investment income  | (344,317)          | (842,512)        |
| <b>Cash provided by (used in) operating activities</b>                              | <b>(1,146,602)</b> | <b>798,543</b>   |
| <b>INVESTING ACTIVITIES</b>   |                    |                  |
| Purchase of capital assets  | (37,669)           | (54,392)         |
| Withdrawals from (contributions to) The Consolidated<br>Trust Fund, net             | 843,347            | (892,122)        |
| (Increase) decrease in car and staff housing loans                                  | (75,288)           | 25,714           |
| Issuance of annuities   | 49,000             | 456,780          |
| Other changes in annuities, net   | (186,011)          | (173,952)        |
| <b>Cash provided by (used in) investing activities</b>                              | <b>593,379</b>     | <b>(637,972)</b> |
| <b>Net increase (decrease) in cash and cash equivalents<br/>    during the year</b> | <b>(553,223)</b>   | <b>160,571</b>   |
| Cash and cash equivalents, beginning of year  | 1,879,788          | 1,719,217        |
| <b>Cash and cash equivalents, end of year</b>                                       | <b>1,326,565</b>   | <b>1,879,788</b> |

*See accompanying notes*

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2015

### **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 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 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”] [note 14].



## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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[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. If the Catholic Entities do not contribute the maximum amount, the amount that the Anglican Entities are required to contribute to the Anglican Fund for Healing and Reconciliation [the “AFHR”] will be reduced in proportion to the Catholic Entities’ shortfall. The maximum amount that may be refunded to the Anglican Entities from the Settlement Fund was \$2,764,300. The amount to be refunded, if any, will be determined once the amount contributed by the Catholic Entities towards IRS Abuse Claims has been finalized.

Confirmation of the results of the Catholic Entities’ fundraising campaign was received in 2015 and indicated that the full \$2,764,300 was eligible for return to the Anglican Entities. Funds were returned in fiscal 2015 and the Settlement Fund is now fully depleted. Other revenue in the consolidated statement of operations includes a return of \$324,509 to General Synod.

[d] Under the Anglican Amending Agreement, a fund called the Anglican Fund for Healing and Reconciliation 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]*.

[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.

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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**

These consolidated financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

#### **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.

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 revenue related to the Anglican Journal is recognized when the publication is distributed.

#### **Grants**

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

# The General Synod of the Anglican Church of Canada

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

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

### 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.

### 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.

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

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

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#### **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).

#### **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**

Defined contribution plan accounting is applied to the multi-employer defined benefit plan, whereby contributions are expensed on an accrual basis, since General Synod has insufficient information to apply defined benefit plan accounting.

## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

#### 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’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:

|                                      | 2015              |            | 2014       |     |
|--------------------------------------|-------------------|------------|------------|-----|
|                                      | \$                | %          | \$         | %   |
| <b>Cash and cash equivalents</b>     | <b>121,672</b>    | <b>1</b>   | 83,841     | 1   |
| <b>Fixed income</b>                  |                   |            |            |     |
| Canadian pooled fund                 | 7,236,600         | 44         | 7,742,295  | 45  |
| <b>Total fixed income</b>            | <b>7,236,600</b>  | <b>44</b>  | 7,742,295  | 45  |
| <b>Equities</b>                      |                   |            |            |     |
| Canadian equities                    | 4,431,388         | 26         | 4,946,711  | 29  |
| U.S. equities                        | 1,982,455         | 12         | 1,899,501  | 11  |
| Global equity pooled funds           | 1,548,438         | 9          | 1,249,218  | 7   |
| <b>Total equities</b>                | <b>7,962,281</b>  | <b>47</b>  | 8,095,430  | 47  |
| <b>Alternative investments</b>       |                   |            |            |     |
| Multi-strategy hedge fund            | 837,138           | 5          | 848,435    | 5   |
| <b>Total alternative investments</b> | <b>837,138</b>    | <b>5</b>   | 848,435    | 5   |
| <b>Real estate</b>                   |                   |            |            |     |
| Canadian real estate pooled fund     | 534,610           | 3          | 382,978    | 2   |
| <b>Total real estate</b>             | <b>534,610</b>    | <b>3</b>   | 382,978    | 2   |
|                                      | <b>16,692,301</b> | <b>100</b> | 17,152,979 | 100 |

## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 5. CAR AND STAFF HOUSING LOANS

Car and staff housing loans consist of the following:

|   | 2015           | 2014    |
|---|----------------|---------|
|   | \$             | \$      |
| Car loans, non-interest bearing, due within<br>40 months of date of issue, guaranteed by dioceses | 220,635        | 143,966 |
| Staff housing loans, with interest payable at<br>3.09%, due 2037 [2014 – 3.09%, due 2037]         | 294,050        | 295,431 |
|   | <b>514,685</b> | 439,397 |

Car loans are available to clergy and lay workers in the assisted dioceses, with the maximum individual loan being \$13,000.

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

#### 6. CAPITAL ASSETS

Capital assets consist of the following:

|                               | 2015             |                             |
|-------------------------------|------------------|-----------------------------|
|                               | Cost             | Accumulated<br>amortization |
|                               | \$               | \$                          |
| Building                      | 3,416,967        | 792,660                     |
| Furniture and equipment       | 2,613,740        | 2,495,832                   |
|                               | 6,030,707        | 3,288,492                   |
| Less accumulated amortization | 3,288,492        |                             |
| <b>Net book value</b>         | <b>2,742,215</b> |                             |

The General Synod of the Anglican Church of Canada

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|                               | <b>2014</b>      |                    |
|-------------------------------|------------------|--------------------|
|                               | <b>Cost</b>      | <b>Accumulated</b> |
|                               | \$               | amortization<br>\$ |
| Building                      | 3,416,967        | 707,275            |
| Furniture and equipment       | 2,576,071        | 2,459,338          |
|                               | 5,993,038        | 3,166,613          |
| Less accumulated amortization | 3,166,613        |                    |
| <b>Net book value</b>         | <b>2,826,425</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 is equal to expenses incurred for the restricted purposes during the year.

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

|  | <b>2015</b>      | <b>2014</b> |
|--|------------------|-------------|
|  | \$               | \$          |
| <b>Increase</b>  |                  |             |
| Donations, grants and bequests                                   | <b>954,476</b>   | 1,127,806   |
| Investment income <i>[note 11]</i>                               | <b>103,991</b>   | 94,384      |
|  | <b>1,058,467</b> | 1,222,190   |
| <b>Decrease</b>  |                  |             |
| Income recognized related to expenses<br>for restricted purposes | <b>948,753</b>   | 754,101     |
| <b>Net increase in deferred contributions</b>                    | <b>109,714</b>   | 468,089     |
| Balance, beginning of year                                       | <b>2,766,396</b> | 2,298,307   |
| <b>Balance, end of year</b>                                      | <b>2,876,110</b> | 2,766,396   |

## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

#### 8. 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.

#### 9. 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:

|  | 2015              | 2014              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Ministry Investment Fund                           | 3,700,254         | 3,688,099         |
| Amounts invested in capital assets <i>[note 6]</i> | 2,742,215         | 2,826,425         |
| Provision for contingencies                        | 1,490,341         | 1,240,341         |
| Provision for General Synod - 2016 meeting         | 985,208           | 735,208           |
| ACCRC returned funds                               | 324,509           | —                 |
| Provision for Nationwide Fundraising Initiative    | 114,200           | 114,200           |
| Provision for Sacred Circle                        |                   |                   |
| 2015 meeting                                       | —                 | 452,243           |
| 2018 meeting                                       | 93,118            | —                 |
| Other  | 1,520,232         | 1,518,231         |
|  | <b>10,970,077</b> | <b>10,574,747</b> |

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

#### 10. 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.



## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

#### 11. INVESTMENT INCOME

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

|   | 2015<br>\$     | 2014<br>\$ |
|---|----------------|------------|
| <b>Total investment income</b>  | <b>554,415</b> | 1,336,346  |
| <b>Allocated to</b>   |                |            |
| Externally restricted endowments  | <b>38,352</b>  | 238,810    |
| Deferred contributions related to <i>[note 7[b]]</i>                                |                |            |
| Endowments  | <b>80,852</b>  | 83,862     |
| Other   | <b>23,139</b>  | 10,522     |
| Annuities   | <b>67,755</b>  | 160,640    |
|   | <b>210,098</b> | 493,834    |
| <b>Investment income recognized in the consolidated statement<br/>of operations</b> | <b>344,317</b> | 842,512    |

#### 12. ALLOCATION OF EXPENSES

Diocesan support expenses include \$47,400 [2014 – \$66,910] of expenses allocated from Resources for Mission expenses related to support provided by General Synod employees to the dioceses.

ABC Publishing expenses include \$15,745 [2014 – \$14,885] related to information resources.

#### 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, 2014 disclosed net assets available for benefits of \$655,428,000 with pension obligations of \$642,125,000, resulting in a surplus of \$13,303,000.

## The General Synod of the Anglican Church of Canada

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

#### 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 2015, administration costs incurred by General Synod in connection with the AFHR and reimbursed by ACCRC amounted to \$7,447 [2014 – \$151,414]. The expense is included in governance 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 \$365,396 [2014 – \$364,822].
- [c] As at December 31, 2015, an amount of \$152,880 [2014 – \$361,526] due from ACCRC is included in accounts receivable. Amounts due from ACCRC are non-interest bearing and due on demand.

#### 15. CONTINGENCIES

- [a] General Synod's contingent liabilities in connection with IRS Abuse Claims 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.

#### 16. FINANCIAL INSTRUMENTS

General Synod is exposed to various financial risks through transactions in financial instruments.

##### Currency risk

General Synod is exposed to foreign currency risk with respect to the underlying investments held in The Consolidated Trust Fund denominated in foreign currencies, because the fair value or future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar.

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

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

December 31, 2015

#### **Credit risk**

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 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**

General Synod is exposed to interest rate risk with respect to 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**

General Synod is exposed to other price risk through changes in market prices [other than changes arising from interest rate or currency risks] in connection with the investments in equity securities and pooled funds held in The Consolidated Trust Fund.

#### **17. 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. As at December 31, 2015 and 2014, no amount was outstanding.

#### **18. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS**

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2015 consolidated financial statements.

