

Financial Statements

**The Anglican Church of Canada  
Resolution Corporation**

December 31, 2015



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working world

# INDEPENDENT AUDITORS' REPORT

To the Primate and 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, 2015 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 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 Resolution Corporation** 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 Anglican Church of Canada Resolution Corporation**

**STATEMENT OF FINANCIAL POSITION**

As at December 31

	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	1,413,802	5,088,480
	<b>1,413,802</b>	<b>5,088,480</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current</b>		
Due to The General Synod of the Anglican Church of Canada <i>[note 5[c]]</i>	152,880	361,526
Grants payable	226,832	219,350
Other	18,773	18,773
<b>Total current liabilities</b>	<b>398,485</b>	<b>599,649</b>
<b>Fund balances</b>		
Settlement Fund <i>[note 2]</i>	—	2,764,300
Anglican Fund for Healing and Reconciliation <i>[notes 2[c] and 4]</i>	1,015,317	1,724,531
General Fund	—	—
<b>Total fund balances</b>	<b>1,015,317</b>	<b>4,488,831</b>
	<b>1,413,802</b>	<b>5,088,480</b>

*See accompanying notes*

The Anglican Church of Canada Resolution Corporation

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended December 31

	<u>Settlement Fund</u>		<u>Anglican Fund for Healing and Reconciliation</u>		<u>General Fund</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>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>								
Interest income	—	—	7,447	29,557	10,013	10,550	17,460	40,107
	—	—	7,447	29,557	10,013	10,550	17,460	40,107
<b>EXPENSES</b>								
Return of unrequired funds to Anglican Entities <i>[note 2[c]]</i>	2,764,300	—	—	—	—	—	2,764,300	—
Grants	—	—	709,214	589,656	—	—	709,214	589,656
Other <i>[note 5[b]]</i>	—	121,857	7,447	29,557	10,013	10,550	17,460	161,964
	2,764,300	121,857	716,661	619,213	10,013	10,550	3,490,974	751,620
<b>Deficiency of revenue over expenses for the year</b>	<b>(2,764,300)</b>	<b>(121,857)</b>	<b>(709,214)</b>	<b>(589,656)</b>	<b>—</b>	<b>—</b>	<b>(3,473,514)</b>	<b>(711,513)</b>
Fund balances, beginning of year	2,764,300	3,056,252	1,724,531	2,144,092	—	—	4,488,831	5,200,344
Fund transfer <i>[notes 2[c] and 4[b]]</i>	—	(170,095)	—	170,095	—	—	—	—
<b>Fund balances, end of year</b>	<b>—</b>	<b>2,764,300</b>	<b>1,015,317</b>	<b>1,724,531</b>	<b>—</b>	<b>—</b>	<b>1,015,317</b>	<b>4,488,831</b>

See accompanying notes

**The Anglican Church of Canada Resolution Corporation**

**STATEMENT OF CASH FLOWS**

Year ended December 31

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses for the year	<b>(3,473,514)</b>	(711,513)
Changes in non-cash working capital balances related to operations		
Due to The General Synod of the Anglican Church of Canada	<b>(208,646)</b>	78,675
Grants payable	<b>7,482</b>	33,496
<b>Cash used in operating activities</b>	<b>(3,674,678)</b>	(599,342)
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(3,674,678)</b>	(599,342)
Cash and cash equivalents, beginning of year	<b>5,088,480</b>	5,687,822
<b>Cash and cash equivalents, end of year</b>	<b>1,413,802</b>	5,088,480

*See accompanying notes*

# **The Anglican Church of Canada Resolution Corporation**

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2015

### **1. PURPOSE OF THE ORGANIZATION**

The Anglican Church of Canada Resolution Corporation [“ACCRC”] was incorporated on January 17, 2003 under the Canada Corporations Act as a corporation without share capital. The Corporation has continued under the Not-for-profit Corporations Act. ACCRC is a not-for-profit organization and is exempt from income taxes under the Income Tax Act (Canada).

Its 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 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.

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

- [i] Compensation of \$6,699,125 for IRS Abuse Claims paid by the Anglican Entities to November 20, 2005.

## The Anglican Church of Canada Resolution Corporation

### NOTES TO FINANCIAL STATEMENTS

December 31, 2015

- [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 comes earlier. This amount can be used to fund projects carried out by the Anglican Entities or third parties *[note 4[a]]*.
- [iv] An amount of \$2,764,300 that will be transferred from the Settlement Fund to the AFHR based on the actual amounts contributed by the Catholic Entities.

If the Catholic Entities do not contribute the maximum amount set out in the agreement with the Government of Canada, the amount that the Anglican Entities are required to contribute to the AFHR will be reduced in proportion to the Catholic Entities’ shortfall. The amount paid by the Catholic Entities required to determine if the amount transferred to the AFHR can be reduced will be based on contributions received by September 19, 2014, the date the Catholic Entities’ fundraising campaign terminates.

Based on information received with respect to the contributions received by the Catholic Entities, the decision was made that the maximum amount should be retained in the Settlement Fund pending receipt of information that confirms the amount raised by the Catholic Entities and therefore the amount refundable to the Anglican Entities. The maximum amount that may be refunded to the Anglican Entities from the Settlement Fund was \$2,764,300.

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.

- [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.



# The Anglican Church of Canada Resolution Corporation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2015

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These 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.

#### **Basis of presentation**

For financial reporting purposes, the accounts have been classified into the following funds:

#### **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.

#### **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 cost.

# The Anglican Church of Canada Resolution Corporation

## NOTES TO FINANCIAL STATEMENTS

December 31, 2015

### Revenue recognition

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

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.

## 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.

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015

- [b] In 2015, General Synod incurred expenses of \$156,997 [2014 – \$151,414] related to the cost of administering the AFHR.

In 2014, the full amount of \$151,414 was included in other expenses. In accordance with the Anglican Amending Agreement, charges equal to interest earned on funds held for the AFHR of \$29,557 was recorded as other expenses in the AFHR. The amount in excess of interest income, \$121,857, was charged to the Settlement Fund. In 2014, other expenses in the General Fund included \$4,873 representing expenses incurred in the General Fund in excess of interest income.

In 2015, the Settlement Fund was fully depleted. Other expenses charged to the AFHR of \$7,447 represents the maximum available to partially defray expenses of \$156,997 incurred by General Synod to administer the AFHR and is equal to the interest income earned on funds held for the AFHR. Other expenses in the General Fund include \$8,377 representing expenses incurred in the General Fund in excess of interest income.

- [c] As at December 31, 2015, an amount of \$152,880 [2014 – \$361,526] is due to General Synod. Amounts due to/from General Synod are non-interest bearing and due on demand.

