

The Synod of the Diocese of Rupert's Land

Financial Statements
December 31, 2017



May 26, 2018

Independent Auditor's Report

To the Diocesan Council of The Synod of the Diocese of Rupert's Land

We have audited the accompanying financial statements of The Synod of the Diocese of Rupert's Land, which comprise the balance sheet as at December 31, 2017 and the statements of operations, changes in fund balances and cash flows for the year then ended, and the related notes, which comprise 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Synod of the Diocese of Rupert's Land 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.

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The Synod of the Diocese of Rupert's Land

Balance Sheet

As at December 31, 2017

								2017	2016	
	Operating Fund	Property Capital Fund	New Church Development Fund	General Trust Fund	Hobson Trust Fund	Bird Trust Fund	Shared Ministry Investment Fund	Healing and Reconciliation Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Cash and term deposits	193,549	-	-	-	-	-	-	-	193,549	219,513
Accounts and loans receivable (note 3)	132,673	-	-	3,184	-	-	-	-	135,857	109,901
Prepaid expenses	4,468	-	-	-	-	-	-	-	4,468	2,305
Interfund balances	(12,584)	(47,348)	5,791	69,091	-	(9,014)	(23,998)	18,062	-	-
	318,106	(47,348)	5,791	72,275	-	(9,014)	(23,998)	18,062	333,874	331,719
Investments - at fair value (note 4)	36,011	366,436	823,106	2,659,408	389,900	244,615	658,730	-	5,178,206	5,071,067
Capital assets - net (note 5)	-	176,099	-	-	-	-	-	-	176,099	179,617
	354,117	495,187	828,897	2,731,683	389,900	235,601	634,732	18,062	5,688,179	5,582,403
Liabilities										
Accounts payable and accrued liabilities	36,975	1,380	-	4,969	500	1,920	2,480	-	48,224	35,572
Distributions payable	-	-	-	17,172	15,206	-	105,387	-	137,765	75,914
Due to The Bishop of the Diocese of Rupert's Land (a Corporation)	19,642	-	-	-	-	-	-	-	19,642	18,954
Designated payables (note 6)	56,617	1,380	-	22,141	15,706	1,920	107,867	-	205,631	130,440
Promissory notes payable (note 7)	107,033	-	-	1,340,169	-	-	-	-	1,447,202	1,469,230
	32,273	-	-	-	-	-	-	-	32,273	11,769
	195,923	1,380	-	1,362,310	15,706	1,920	107,867	-	1,685,106	1,611,439
Fund Balances										
Externally restricted	-	-	-	951,870	334,110	172,467	-	-	1,458,447	1,458,447
Internally restricted (note 8)	65,053	-	696,269	203,903	14,258	26,304	438,873	18,062	1,462,722	1,487,889
Unrestricted	93,141	493,807	132,628	213,600	25,826	34,910	87,992	-	1,081,904	1,024,628
	158,194	493,807	828,897	1,369,373	374,194	233,681	526,865	18,062	4,003,073	3,970,964
	354,117	495,187	828,897	2,731,683	389,900	235,601	634,732	18,062	5,688,179	5,582,403

Approved by the Diocesan Council

The accompanying notes are an integral part of these financial statements.

The Synod of the Diocese of Rupert's Land

Statement of Operations

For the year ended December 31, 2017

									2017	2016
	Operating Fund	Property Capital Fund	New Church Development Fund	General Trust Fund	Hobson Trust Fund	Bird Trust Fund	Shared Ministry Investment Fund	Healing and Reconciliation Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Parish pledges	647,811	-	-	-	-	-	-	-	647,811	638,352
Trust income	6,804	-	-	20,103	-	-	-	-	26,907	24,503
Donations, bequests and other (note 10)	116,587	11,774	-	-	-	-	11,774	11,774	151,909	97,041
Income from investments	-	31,229	70,865	116,455	34,159	21,486	52,262	-	326,456	245,889
Designated receipts	8,070	-	-	108,927	-	-	-	-	116,997	183,348
Miscellaneous	15,283	20	-	-	-	-	-	-	15,303	13,937
	794,555	43,023	70,865	245,485	34,159	21,486	64,036	11,774	1,285,383	1,203,070
Expenditures										
Parishes	19,841	-	-	-	-	-	-	-	19,841	37,871
Episcopal supervision	125,516	-	-	-	-	-	-	-	125,516	124,370
Wider Church	173,629	-	-	-	-	-	-	-	173,629	172,022
Parish and Diocesan programs	90,433	-	102,476	-	-	-	-	5,305	198,214	151,981
Youth program	11,000	-	-	-	-	-	-	-	11,000	12,239
Administration and general	72,500	4,633	5,525	17,060	3,115	3,152	7,970	-	113,955	115,187
Diocesan staff	235,667	-	-	-	-	-	-	-	235,667	232,424
Pastoral and sundry	20,651	-	-	-	-	-	-	-	20,651	33,797
Retired clergy and widows	39,406	-	-	-	-	-	-	-	39,406	35,755
Interest	350	-	-	-	-	-	-	-	350	388
Distributions to beneficiaries (note 11)	-	-	-	52,261	15,207	3,000	12,143	-	82,611	77,194
Amortization	-	26,618	-	-	-	-	-	-	26,618	27,759
Designated disbursements	6,251	-	-	199,565	-	-	-	-	205,816	187,171
Lambeth/General Synod	-	-	-	-	-	-	-	-	-	9,780
	795,244	31,251	108,001	268,886	18,322	6,152	20,113	5,305	1,253,274	1,217,938
Excess (deficiency) of revenue over expenditures	(689)	11,772	(37,136)	(23,401)	15,837	15,334	43,923	6,469	32,109	(14,868)

The accompanying notes are an integral part of these financial statements.

The Synod of the Diocese of Rupert's Land

Statement of Changes in Fund Balances

For the year ended December 31, 2017

									2017	2016
	Operating Fund	Property Capital Fund	New Church Development Fund	General Trust Fund	Hobson Trust Fund	Bird Trust Fund	Shared Ministry Investment Fund	Healing and Reconciliation Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Externally restricted										
Balance - beginning of year	-	-	-	951,870	334,110	172,467	-	-	1,458,447	1,458,447
Balance - end of year	-	-	-	951,870	334,110	172,467	-	-	1,458,447	1,458,447
Internally restricted										
Balance - beginning of year	59,553	-	733,405	203,903	14,258	26,304	438,873	11,593	1,487,889	1,483,382
Allocation from (to) unrestricted	5,500	-	(37,136)	-	-	-	-	6,469	(25,167)	4,507
Balance - end of year	65,053	-	696,269	203,903	14,258	26,304	438,873	18,062	1,462,722	1,487,889
Unrestricted										
Balance - beginning of year	70,218	482,035	132,628	249,050	9,989	26,001	54,707	-	1,024,628	1,044,003
Revenue in excess (deficiency) of expenditures	(689)	11,772	(37,136)	(23,401)	15,837	15,334	43,923	6,469	32,109	(14,868)
Interfund transfers (note 9)	29,112	-	-	(12,049)	-	(6,425)	(10,638)	-	-	-
Allocation from (to) internally restricted	(5,500)	-	37,136	-	-	-	-	(6,469)	25,167	(4,507)
Balance - end of year	93,141	493,807	132,628	213,600	25,826	34,910	87,992	-	1,081,904	1,024,628
	158,194	493,807	828,897	1,369,373	374,194	233,681	526,865	18,062	4,003,073	3,970,964

The accompanying notes are an integral part of these financial statements.

The Synod of the Diocese of Rupert's Land

Statement of Cash Flows

For the year ended December 31, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures	26,609	(14,868)
Items not affecting cash		
Amortization	26,618	27,759
Realized and unrealized gains on investments	(326,456)	(245,889)
	<u>(273,229)</u>	<u>(232,998)</u>
Change in non-cash working capital items		
Prepaid expenses	(2,163)	4,892
Accounts and loans receivable	(25,956)	(8,444)
Accounts payable and accrued liabilities	18,152	(3,791)
Distributions payable	61,851	4,941
Designated payables – Operating Fund	(27,298)	8,333
Due to The Bishop of the Diocese of Rupert's Land (a Corporation)	688	(640)
	<u>(247,955)</u>	<u>(227,707)</u>
Financing and investing activities		
Purchase of capital assets	(23,100)	(15,252)
Purchase of investments	(75,598)	(145,291)
Proceeds on disposal of investments	294,915	315,008
Promissory notes payable	20,504	6,078
Designated payables – General Trust Fund	5,270	(21,051)
	<u>221,991</u>	<u>139,492</u>
Decrease in cash and term deposits	(25,964)	(88,215)
Cash and term deposits - Beginning of year	<u>219,513</u>	<u>307,728</u>
Cash and term deposits - End of year	<u>193,549</u>	<u>219,513</u>

The accompanying notes are an integral part of these financial statements.

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2017

1 Purpose of organization

The purpose and objective of The Synod of the Diocese of Rupert's Land (the Diocese) is the government and administration of the affairs of The Anglican Church of Canada within the Diocese of Rupert's Land.

The Diocese operates within the auspices of The Anglican Church of Canada. The ongoing operations of The Synod are dependent on the continued financial support of parishes within the Diocese of Rupert's Land.

2 Summary of significant accounting policies

Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations, and include the following significant accounting policies.

Fund accounting

Operating Fund

Revenues and expenses related to Diocese operations are reported in the Operating Fund. All other revenues and expenses are reported in their respective funds.

Property Capital Fund

The Property Capital Fund reports the assets, liabilities, revenues and expenses related to the Diocese's capital assets.

New Church Development Fund

The New Church Development Fund reports the assets, liabilities, revenue and expenses related to new church development within the Diocese of Rupert's Land.

General Trust Fund

The General Trust Fund consists of a group of trusts funded through donations and investment income from trust funds which are administered by the Diocese of Rupert's Land with the income allocated for specific beneficiaries or purposes. This fund also includes proceeds from the sale of real property of parishes within the Diocese of Rupert's Land, which are being held in trust for future use by the parish.

Hobson Trust Fund

Under provisions of the last will and testament of William Edward Hobson, revenues from the Hobson Trust Fund are to be used for the general purposes of St. John's College.

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2017

Bird Trust Fund

The Bird Trust Fund was created from proceeds given to the Diocese by Mr. Hubert John Bird. Revenues earned on the original endowment are used for the advancement of religion and education.

Shared Ministry Investment Fund

The Shared Ministry Investment Fund was created in 2004 out of the remaining proceeds from the sale of Anglican Island. The purpose of this fund is to provide ongoing support to the Diocesan operating budget as well as to provide support to parish projects. The distribution of revenue from this fund will be as follows: 30% to the Diocesan Operating Budget; 30% to the Diocesan Youth Ministry program; 30% to Parish projects; and 10% for Parish and Diocesan emergencies.

Healing and Reconciliation Fund

The Healing and Reconciliation Fund was created to fund local programs and initiatives developed by aboriginal people for aboriginal people.

Revenue recognition

Restricted and unrestricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenditures are incurred.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Capital assets

Property Capital Fund

Purchased capital assets are recorded in the Property Capital Fund at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives:

Buildings	40 years
Building improvements	10 years
Equipment	3 to 7 years

Contributions received for capital assets are amortized on the same basis as the related assets.

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2017

Financial instruments

a) Measurement of financial instruments

The Diocese initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Diocese subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and term deposits and accounts and loans receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, designated payables, distributions payable and long-term debt.

b) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset or group of assets, a writedown is recognized in the statement of operations. When events occurring after the impairment confirm a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

3 Accounts and loans receivable

Accounts and loans receivable consist of the following amounts:

	2017 \$	2016 \$
Operating Fund		
Clergy loans	4,308	7,942
Receivable from parishes	33,311	27,928
Promissory notes receivable	32,142	11,644
Due from Rupert's Land Capital Fund Inc.	10,733	11,291
Due from Bishop of the Diocese of Rupert's Land (a Corporation)	23,773	18,620
Other receivables	28,406	29,007
	<hr/> 132,673	<hr/> 106,432
General Trust Fund		
Other receivables	3,184	3,469
	<hr/> 135,857	<hr/> 109,901

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2017

The promissory notes receivable from St. Mary's la Prairie Anglican Church and St. Peter Dynevor are due in 2019 and 2018 respectively and the interest rate is fixed on the respective anniversary dates of the notes each year at prime plus 1%, currently 3.95% for both notes.

The Diocese is the beneficiary of trust funds held in the Bishop of the Diocese of Rupert's Land (a Corporation) (the Bishop's Corporation). The amount due from the Bishop's Corporation represents income from the trust funds not yet remitted to the Diocese. The Bishop's Corporation is not a related party of the Diocese.

All other amounts, except for clergy loans, are non-interest bearing and are due on demand.

4 Investments

	2017 \$	2016 \$
Investments in Integra Balanced Mutual Funds		
Balanced Funds		
Property Capital Fund	312,783	343,700
New Church Development Fund	698,608	845,199
General Trust Fund	2,459,078	2,614,428
Hobson Trust Fund	330,927	373,804
Bird Trust Fund	207,622	235,622
Shared Ministry Investment Fund	568,711	569,536
	<hr/> 4,577,729	<hr/> 4,982,289
Investments in TREZ Capital Fund		
Property Capital Fund	53,653	-
New Church Development Fund	124,498	-
General Trust Fund	200,330	-
Hobson Trust Fund	58,973	-
Bird Trust Fund	36,993	-
Shared Ministry Investment Fund	90,019	-
	<hr/> 564,466	<hr/> -
Investments in Canadian Imperial Bank of Commerce Funds		
Operating Fund - Money Market Fund	36,011	88,778
	<hr/> 5,178,206	<hr/> 5,071,067

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2017

5 Capital assets

Property Capital Fund

	2017			2016		
	Cost \$	Accumulated amortization \$	Net \$	Cost \$	Accumulated amortization \$	Net \$
Land	26,058	-	26,058	26,058	-	26,058
Buildings	302,572	252,717	49,855	302,572	245,064	57,508
Building improvements	270,150	123,272	146,878	256,185	97,827	158,358
Equipment	38,383	29,843	8,540	30,161	27,740	2,421
	637,163	405,832	231,331	614,976	370,631	244,345
Deferred contributions	(94,960)	(39,728)	(55,232)	(94,960)	(30,232)	(64,728)
	542,203	366,104	176,099	520,016	340,399	179,617

6 Designated payables

Designated funds are externally restricted contributions that are received and deposited by the Diocese for the exclusive use of various programs or events in subsequent years. These funds are held until they are either required for their specific designated use or are required to be remitted.

Proceeds from the sale of real property are generally reported in the statement of operations. However, where there is an expectation that the parish will be rebuilt or relocated in the future, the proceeds are held in the General Trust Fund on the balance sheet.

At December 31, the Diocese holds the following externally restricted contributions:

	2017 \$	2016 \$
Operating Fund		
St. Benedict's Table	87,298	96,307
St. George Woodlands Cemetery	19,735	20,449
Archdeaconry Kenora/St. Alban's	-	17,575
	107,033	134,331
General Trust Fund		
Church of the Good Shepherd	498,723	479,834
St. Chad's	350,986	363,578
St. Francis	217,231	209,453
Archdeaconry Kenora/St. Alban's	273,229	282,034
	1,340,169	1,334,899
	1,447,202	1,469,230

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

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7 Promissory notes payable

The promissory notes are payable to Rupert's Land Capital Fund Inc. The notes bear interest at prime plus 1% (currently 3.95%) and mature in 2018 and 2019.

8 Internally restricted funds

Internally restricted funds consist of:

	2017 \$	2016 \$
Operating Fund		
Clergy loan fund	29,246	29,246
Reserve for Lambeth/General Synod	35,807	30,307
	<hr/>	<hr/>
	65,053	59,553
New Church Development Fund - Capital	696,269	733,405
General Trust Fund - Capital	203,903	203,903
Hobson Trust Fund - Capital	14,258	14,258
Bird Trust Fund - Capital	26,304	26,304
Shared Ministry Investment Fund - Capital	438,873	438,873
Healing and Reconciliation Fund - Healing and Reconciliation	18,062	11,593
	<hr/>	<hr/>
	1,462,722	1,487,889
	<hr/>	<hr/>

9 Interfund transfers

The following interfund transfers allocated trust income to the Operating Fund:

	2017 \$	2016 \$
Diocesan General Trust	12,049	9,150
Bird Trust	6,425	6,298
Shared Ministry Investment Trust	10,638	9,453
	<hr/>	<hr/>
	29,112	24,901
	<hr/>	<hr/>

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2017

10 Donations, bequests and other revenue

Donations, bequests and other revenue consist of the following:

	2017 \$	2016 \$
Operating Fund		
New England Co.	14,000	14,000
Anderson Trust	39,407	35,755
Parishioners' contributions	20,804	2,930
Rupert's Land Capital Fund Inc.	10,102	10,626
Rupert's Land News	7,450	7,727
The Bishop of the Diocese of Rupert's Land (a Corporation)	16,964	11,779
Other	7,860	13,997
	<hr/> 116,587	<hr/> 96,814
Property Capital Fund		
Parishioners' contributions	11,774	-
Shared Ministry & Mission		
Parishioners' contributions	11,774	-
Healing and Reconciliation Fund		
Parishioners' contributions	11,774	227
	<hr/> 151,909	<hr/> 97,041

11 Distributions to beneficiaries

Distributions to beneficiaries consist of:

	2017 \$	2016 \$
St. John's College	17,691	27,410
Other distributions	64,920	49,784
	<hr/> 82,611	<hr/> 77,194

12 Employee pension plan

The Diocese is a member of The Anglican Church of Canada's pension plan providing pension benefits to its employees and is required to make a defined contribution each year to the plan. The net expense for the year is \$50,534 (2016 - \$47,697).

