

**The Synod of the Diocese of
Rupert's Land**

Financial Statements
December 31, 2016



May 27, 2017

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, 2016 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, 2016 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

The Synod of the Diocese of Rupert's Land

Balance Sheet

As at December 31, 2016

	2016							2015		
	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	219,513	-	-	-	-	-	-	-	219,513	307,728
Accounts and loans receivable (note 3)	87,478	-	-	3,469	-	-	-	-	90,947	81,863
Prepaid expenses	2,305	-	-	-	-	-	-	-	2,305	7,197
Interfund balances	(98,151)	(39,862)	20,834	143,929	-	(8,879)	(29,464)	11,593	-	-
	211,145	(39,862)	20,834	147,398	-	(8,879)	(29,464)	11,593	312,765	396,788
Investments - at fair value (note 4)	88,778	343,700	845,199	2,614,428	373,804	235,622	569,536	-	5,071,067	4,994,895
Capital assets - net (note 5)	-	179,617	-	-	-	-	-	-	179,617	192,124
	299,923	483,455	866,033	2,761,826	373,804	226,743	540,072	11,593	5,563,449	5,583,807
Liabilities										
Accounts payable and accrued liabilities	24,052	1,420	-	5,280	500	1,971	2,349	-	35,572	39,363
Distributions payable	-	-	-	16,824	14,947	-	44,143	-	75,914	70,973
Designated payables (note 6)	24,052	1,420	-	22,104	15,447	1,971	46,492	-	111,486	110,336
Promissory notes payable (note 7)	134,331	-	-	1,334,899	-	-	-	-	1,469,230	1,481,948
	11,769	-	-	-	-	-	-	-	11,769	5,691
	170,152	1,420	-	1,357,003	15,447	1,971	46,492	-	1,592,485	1,597,975
Net assets										
Externally restricted	-	-	-	951,870	334,110	172,467	-	-	1,458,447	1,458,447
Internally restricted (note 8)	59,553	-	733,405	203,903	14,258	26,304	438,873	11,593	1,487,889	1,483,382
Unrestricted	70,218	482,035	132,628	249,050	9,989	26,001	54,707	-	1,024,628	1,044,003
	129,771	482,035	866,033	1,404,823	358,357	224,772	493,580	11,593	3,970,964	3,985,832
	299,923	483,455	866,033	2,761,826	373,804	226,743	540,072	11,593	5,563,449	5,583,807

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, 2016

	2016							2015		
	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	638,352	-	-	-	-	-	-	-	638,352	629,434
Trust income	6,699	-	-	17,804	-	-	-	-	24,503	40,210
Donations, bequests and other (note 10)	96,814	-	-	-	-	-	-	227	97,041	123,711
Income from investments	-	22,906	58,084	86,187	24,978	15,730	38,004	-	245,889	212,909
Designated receipts	20,105	-	-	163,243	-	-	-	-	183,348	169,021
Miscellaneous	13,937	-	-	-	-	-	-	-	13,937	13,683
Sale of property	-	-	-	-	-	-	-	-	-	312,831
	775,907	22,906	58,084	267,234	24,978	15,730	38,004	227	1,203,070	1,501,799
Expenditures										
Parishes	37,871	-	-	-	-	-	-	-	37,871	43,350
Episcopal supervision	124,370	-	-	-	-	-	-	-	124,370	117,657
Wider Church	172,022	-	-	-	-	-	-	-	172,022	158,391
Parish and Diocesan program	69,766	-	82,215	-	-	-	-	-	151,981	68,958
Youth program	12,239	-	-	-	-	-	-	-	12,239	10,400
Administration and general	71,292	5,176	6,442	17,640	3,319	3,321	7,997	-	115,187	132,845
Diocesan staff	232,424	-	-	-	-	-	-	-	232,424	219,890
Pastoral and sundry	33,797	-	-	-	-	-	-	-	33,797	32,183
Retired clergy and widows	35,755	-	-	-	-	-	-	-	35,755	50,439
Interest	388	-	-	-	-	-	-	-	388	257
Distributions to beneficiaries (note 11)	-	-	-	36,498	24,948	3,000	12,748	-	77,194	73,136
Amortization	-	27,759	-	-	-	-	-	-	27,759	28,490
Designated disbursements	18,074	-	-	169,097	-	-	-	-	187,171	84,679
Lambeth/General Synod	9,780	-	-	-	-	-	-	-	9,780	3,420
	817,778	32,935	88,657	223,235	28,267	6,321	20,745	-	1,217,938	1,024,095
Excess (deficiency) of revenue over expenditures	(41,871)	(10,029)	(30,573)	43,999	(3,289)	9,409	17,259	227	(14,868)	477,704

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, 2016

	2016						2015		
	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
Externally restricted									
Balance - beginning of year	\$ -	-	-	951,870	334,110	172,467	-	-	\$ 1,458,447
Balance - end of year	-	-	-	951,870	334,110	172,467	-	-	1,458,447
Internally restricted									
Balance - beginning of year	55,273	-	733,405	203,903	14,258	26,304	438,873	11,366	1,480,263
Allocation to unrestricted	4,280	-	-	-	-	-	-	227	4,507
Balance - end of year	59,553	-	733,405	203,903	14,258	26,304	438,873	11,593	1,487,889
Unrestricted									
Balance - beginning of year	91,468	492,064	163,201	214,201	13,278	22,890	46,901	-	1,044,003
Revenue in excess (deficiency) of expenditures	(41,871)	(10,029)	(30,573)	43,999	(3,289)	9,409	17,259	227	(14,868)
Interfund transfers (note 9)	24,901	-	-	(9,150)	-	(6,298)	(9,453)	-	-
Allocation from internally restricted	(4,280)	-	-	-	-	-	-	(227)	(4,507)
Balance - end of year	70,218	482,035	132,628	249,050	9,989	26,001	54,707	-	1,024,628
	129,771	482,035	866,033	1,404,823	358,357	224,772	493,580	11,593	3,970,964
									3,985,832

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, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures	(14,868)	477,704
Items not affecting cash		
Amortization	27,759	28,490
Realized and unrealized gains on investments	(245,889)	(210,319)
	<u>(232,998)</u>	<u>295,875</u>
Change in non-cash working capital items		
Prepaid expenses	4,892	(4,963)
Accounts and loans receivable	(9,084)	18,062
Accounts payable and accrued liabilities	(3,791)	1,574
Distributions payable	4,941	(306)
Designated payables	8,333	(21,021)
	<u>(227,707)</u>	<u>289,221</u>
Financing and investing activities		
Purchase of capital assets - net	(15,252)	(4,478)
Purchase of investments	(145,291)	(454,099)
Proceeds on disposal of investments	315,008	183,090
Promissory notes payable	6,078	(1,422)
Designated payables	(21,051)	81,435
	<u>139,492</u>	<u>(195,474)</u>
Increase (decrease) in cash and term deposits	<u>(88,215)</u>	<u>93,747</u>
Cash and term deposits - Beginning of year	<u>307,728</u>	<u>213,981</u>
Cash and term deposits - End of year	<u>219,513</u>	<u>307,728</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, 2016

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

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.

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.

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2016

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.

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.

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2016

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:

	2016 \$	2015 \$
Operating Fund		
Clergy loans	7,942	3,832
Receivable from parishes	27,928	29,725
Promissory note receivable	11,644	5,569
Due from Rupert's Land Capital Fund Inc.	11,291	11,209
Due from Bishop of the Diocese of Rupert's Land (a Corporation)	18,620	19,517
Other receivables	10,053	8,652
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	87,478	78,504
General Trust Fund		
Other receivables	3,469	3,359
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	90,947	81,863
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The promissory note receivable from St. Mary's la Prairie Anglican Church is due in 2019 and the interest rate is fixed on the anniversary date of the loan each year at prime plus 1%, currently 3.7%.

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 are non-interest bearing and are due on demand.

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2016

4 Investments

	2016 \$	2015 \$
Investments in Integra Balanced Mutual Funds		
Balanced Funds		
Property Capital Fund	343,700	324,674
New Church Development Fund	845,199	871,018
General Trust Fund	2,614,428	2,533,654
Hobson Trust Fund	373,804	376,821
Bird Trust Fund	235,622	232,453
Shared Ministry Investment Fund	569,536	555,038
	<u>4,982,289</u>	<u>4,893,658</u>
Investments in Canadian Imperial Bank of Commerce Funds		
Operating Fund - Money Market Fund	88,778	36,711
Investment in Consolidated Trust Fund of the Anglican Church of Canada - General Trust Fund	-	64,526
	<u>5,071,067</u>	<u>4,994,895</u>

5 Capital assets

Property Capital Fund

	2016			2015		
	Cost \$	Accumulated amortization \$	Net \$	Cost \$	Accumulated amortization \$	Net \$
Land	26,058	-	26,058	26,058	-	26,058
Buildings	302,572	245,064	57,508	302,572	237,409	65,163
Building improvements	256,185	97,827	158,358	240,540	72,209	168,331
Equipment	30,161	27,740	2,421	31,396	24,600	6,796
	<u>614,976</u>	<u>370,631</u>	<u>244,345</u>	<u>600,566</u>	<u>334,218</u>	<u>266,348</u>
Deferred contributions	(94,960)	(30,232)	(64,728)	(94,960)	(20,736)	(74,224)
	<u>520,016</u>	<u>340,399</u>	<u>179,617</u>	<u>505,606</u>	<u>313,482</u>	<u>192,124</u>

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.

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2016

At December 31, 2016, the Diocese holds the following externally restricted contributions:

	2016	2015
	\$	\$
Operating Fund		
St. Benedict's Table	96,307	81,317
St. George Woodlands Cemetery	20,449	21,564
Archdeaconry Kenora/St. Alban's	17,575	23,117
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	134,331	125,998
General Trust Fund		
Church of the Good Shepherd	479,834	472,647
St. Chad's	363,578	384,487
St. Francis	209,453	211,515
Archdeaconry Kenora/St. Alban's	282,034	287,301
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	1,334,899	1,355,950
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	1,469,230	1,481,948

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 3.7%) and mature in 2017 and 2019.

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2016

8 Internally restricted funds

Internally restricted funds consist of:

	2016 \$	2015 \$
Operating Fund		
Clergy loan fund	29,246	29,246
Reserve for Lambeth/General Synod	30,307	26,027
	<hr/>	<hr/>
	59,553	55,273
New Church Development Fund - Capital	733,405	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	11,593	11,366
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	1,487,889	1,483,382
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9 Interfund transfers

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

	2016 \$	2015 \$
Diocesan General Trust	9,150	8,344
Bird Trust	6,298	6,264
Shared Ministry Investment Trust	9,453	8,474
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	24,901	23,082
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The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2016

10 Donations, bequests and other revenue

Donations, bequests and other revenue consist of the following:

	2016 \$	2015 \$
Operating Fund		
New England Co.	14,000	11,877
Anderson Trust	35,755	50,439
Parishioners' contributions	2,930	3,835
Rupert's Land Capital Fund Inc.	10,626	10,535
Rupert's Land News	7,727	22,507
Other	25,776	23,923
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	96,814	123,116
Healing and Reconciliation Fund		
Parishioners' contributions	227	595
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	97,041	123,711
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11 Distributions to beneficiaries

Distributions to beneficiaries consist of:

	2016 \$	2015 \$
St. John's College	27,410	27,133
Other distributions	49,784	46,003
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	77,194	73,136
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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 \$47,697 (2015 - \$39,402).