

The Synod of the Diocese of Rupert's Land

**Financial Statements
December 31, 2018**



Independent auditor's report

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

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Synod of the Diocese of Rupert's Land (the Company) as at December 31, 2018 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.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at December 31, 2018;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba

May 25, 2019

The Synod of the Diocese of Rupert's Land

Balance Sheet

As at December 31, 2018

	New Church and Diocesan						2018	2017		
	Operating Fund	Property Capital Fund	Ministry 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	129,689	-	-	-	-	-	-	-	129,689	193,549
Accounts and loans receivable (note 3)	186,256	-	-	3,096	-	-	-	-	189,352	135,857
Prepaid expenses	2,744	-	-	-	-	-	-	-	2,744	4,468
Interfund balances	3,612	(32,877)	(24,508)	84,006	-	(9,396)	(38,843)	18,006	-	-
	322,301	(32,877)	(24,508)	87,102	-	(9,396)	(38,843)	18,006	321,785	333,874
Investments – at fair value (note 4)	36,414	334,719	779,506	2,498,300	367,315	229,391	628,640	-	4,874,285	5,178,206
Capital assets – net (note 5)	-	153,692	-	-	-	-	-	-	153,692	176,099
	358,715	455,534	754,998	2,585,402	367,315	219,995	589,797	18,006	5,349,762	5,688,179
Liabilities										
Accounts payable and accrued liabilities	38,176	1,354	-	5,190	500	1,927	2,544	-	49,691	48,224
Distributions payable	-	-	-	17,204	15,079	-	103,052	-	135,335	137,765
Due to The Bishop of the Diocese of Rupert's Land (a Corporation)	18,400	-	-	-	-	-	-	-	18,400	19,642
Promissory notes payable (note 7)	67,337	-	-	-	-	-	-	-	67,337	32,273
Designated payables (note 6)	123,913	1,354	-	22,394	15,579	1,927	105,596	-	270,763	237,904
	98,984	-	-	1,215,554	-	-	-	-	1,314,538	1,447,202
	222,897	1,354	-	1,237,948	15,579	1,927	105,596	-	1,585,301	1,685,106
Fund Balances										
Externally restricted	-	-	-	1,001,870	334,110	172,467	-	-	1,508,447	1,458,447
Internally restricted (note 8)	69,803	-	622,370	203,903	14,258	26,304	438,873	18,006	1,393,517	1,462,722
Unrestricted	66,015	454,180	132,628	141,681	3,368	19,297	45,328	-	862,497	1,081,904
	135,818	454,180	754,998	1,347,454	351,736	218,068	484,201	18,006	3,764,461	4,003,073
	358,715	455,534	754,998	2,585,402	367,315	219,995	589,797	18,006	5,349,762	5,688,179

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, 2018

	2018							2017		
	Operating Fund	Property Capital Fund	New Church and Diocesan Ministry Development Fund	General Trust Fund	Hobson Trust Fund	Bird Trust Fund	Shared Ministry Investment Fund	Healing and Reconciliation Fund	Total	Total
Revenue										
Parish pledges	642,431	-	-	-	-	-	-	-	642,431	647,811
Trust income	7,081	-	-	20,968	-	-	-	-	28,049	26,907
Donations, bequests and other (note 10)	116,123	-	-	50,000	-	-	-	-	166,123	151,909
Income (loss) from investments	-	(4,065)	(9,255)	(15,442)	(4,346)	(2,706)	(8,531)	-	(44,345)	326,456
Designated receipts	28,615	-	-	194,148	-	-	-	-	222,763	116,997
Miscellaneous	15,898	-	24,497	-	-	-	-	-	40,395	15,303
	810,148	(4,065)	15,242	249,674	(4,346)	(2,706)	(8,531)	-	1,055,416	1,285,383
Expenditures										
Parishes	14,575	-	-	-	-	-	-	-	14,575	19,841
Episcopal supervision	128,678	-	-	-	-	-	-	-	128,678	125,516
Wider Church	174,427	-	-	-	-	-	-	-	174,427	173,629
Parish and Diocesan programs	127,942	-	83,769	-	-	-	-	56	211,767	198,214
Youth program	16,001	-	-	-	-	-	-	-	16,001	11,000
Administration and general	70,801	4,599	5,372	17,264	3,032	3,122	9,852	-	114,042	113,955
Diocesan staff	237,669	-	-	-	-	-	-	-	237,669	235,667
Pastoral and sundry	26,057	-	-	-	-	-	-	-	26,057	20,651
Retired clergy and widows	42,335	-	-	-	-	-	-	-	42,335	39,406
Interest	483	-	-	-	-	-	-	-	483	350
Distributions to beneficiaries (note 11)	-	-	-	42,720	15,080	3,000	16,997	-	77,797	82,611
Amortization	-	30,963	-	-	-	-	-	-	30,963	26,618
Designated disbursements	20,243	-	-	198,991	-	-	-	-	219,234	205,816
	859,211	35,562	89,141	258,975	18,112	6,122	26,849	56	1,294,028	1,253,274
Excess (deficiency) of revenue over expenditures	(49,063)	(39,627)	(73,899)	(9,301)	(22,458)	(8,828)	(35,380)	(56)	(238,612)	32,109

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, 2018

	2018							2017		
	Operating Fund	Property Capital Fund	New Church and Diocesan Ministry 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
Allocation from unrestricted funds (note 9)	-	-	-	50,000	-	-	-	-	50,000	-
Balance – end of year	-	-	-	1,001,870	334,110	172,467	-	-	1,508,447	1,458,447
Internally restricted										
Balance – beginning of year	65,053	-	696,269	203,903	14,258	26,304	438,873	18,062	1,462,722	1,487,889
Allocation from (to) unrestricted funds (note 9)	4,750	-	(73,899)	-	-	-	-	(56)	(69,205)	(25,167)
Balance – end of year	69,803	-	622,370	203,903	14,258	26,304	438,873	18,006	1,393,517	1,462,722
Unrestricted										
Balance – beginning of year	93,141	493,807	132,628	213,600	25,826	34,910	87,992	-	1,081,904	1,024,628
Revenue in excess (deficiency) of expenditures	(49,063)	(39,627)	(73,899)	(9,301)	(22,458)	(8,828)	(35,380)	(56)	(238,612)	32,109
Interfund transfers (note 9)	26,687	-	-	(12,618)	-	(6,785)	(7,284)	-	-	-
Allocation from (to) restricted funds (note 9)	(4,750)	-	73,899	(50,000)	-	-	-	56	19,205	25,167
Balance – end of year	66,015	454,180	132,628	141,681	3,368	19,297	45,328	-	862,497	1,081,904
	135,818	454,180	754,998	1,347,454	351,736	218,068	484,201	18,006	3,764,461	4,003,073

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, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures	(238,612)	26,609
Items not affecting cash		
Amortization	30,963	26,618
Realized and unrealized (gains) losses on investments	44,345	(326,456)
	<u>(163,304)</u>	<u>(273,229)</u>
Change in non-cash working capital items		
Prepaid expenses	1,724	(2,163)
Accounts and loans receivable	(53,495)	(25,956)
Accounts payable and accrued liabilities	1,467	18,152
Distributions payable	(2,430)	61,851
Designated payables – Operating Fund	(8,049)	(27,298)
Due to The Bishop of the Diocese of Rupert's Land (a Corporation)	(1,242)	688
	<u>(225,329)</u>	<u>(247,955)</u>
Financing and investing activities		
Purchase of capital assets	(8,556)	(23,100)
Purchase of investments	(50,404)	(75,598)
Proceeds on disposal of investments	309,980	294,915
Promissory notes payable – net	35,064	20,504
Designated payables – General Trust Fund	(124,615)	5,270
	<u>161,469</u>	<u>221,991</u>
Decrease in cash and term deposits	(63,860)	(25,964)
Cash and term deposits – Beginning of year	193,549	219,513
Cash and term deposits – End of year	129,689	193,549

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, 2018

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 Diocese 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, including investments related thereto.

New Church and Diocesan Ministry Development Fund

The New Church and Diocesan Ministry Development Fund reports the assets, liabilities, revenue and expenses related to new church and ministry 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, 2018

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 contributions are recognized as revenue of the appropriate fund in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund as received.

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, 2018

Financial instruments

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 promissory notes payable.

3 Accounts and loans receivable

Accounts and loans receivable consist of the following amounts:

	2018 \$	2017 \$
Operating Fund		
Clergy loans	5,417	4,308
Receivable from parishes	52,958	33,311
Promissory notes receivable	67,197	32,142
Due from Rupert's Land Capital Fund Inc.	10,723	10,733
Due from Bishop of the Diocese of Rupert's Land (a Corporation)	22,968	23,773
Other receivables	26,993	28,406
	<hr/> 186,256	<hr/> 132,673
General Trust Fund		
Other receivables	3,096	3,184
	<hr/> 189,352	<hr/> 135,857

The promissory notes receivables from St. Mary's la Prairie Anglican Church and St. Stephen are due in 2019 and the interest rate is fixed annually on the respective anniversary dates of the notes at prime plus 1%, currently 4.70% and 4.95%.

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.

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2018

4 Investments

	2018 \$	2017 \$
Investments in Integra Balanced Mutual Funds		
Balanced Funds		
Property Capital Fund	276,939	312,783
New Church and Diocesan Ministry Development Fund	645,430	698,608
General Trust Fund	2,054,892	2,459,078
Hobson Trust Fund	303,805	330,927
Bird Trust Fund	189,552	207,622
Shared Ministry Investment Fund	531,697	568,711
	<u>4,002,315</u>	<u>4,577,729</u>
Investments in TREZ Capital Fund		
Property Capital Fund	57,780	53,653
New Church and Diocesan Ministry Development Fund	134,075	124,498
General Trust Fund	443,408	200,330
Hobson Trust Fund	63,510	58,973
Bird Trust Fund	39,839	36,993
Shared Ministry Investment Fund	96,943	90,019
	<u>835,555</u>	<u>564,466</u>
Investments in Canadian Imperial Bank of Commerce Funds		
Operating Fund - Money Market Fund	36,415	36,011
	<u>36,415</u>	<u>36,011</u>
	<u>4,874,285</u>	<u>5,178,206</u>

5 Capital assets

Property Capital Fund

	2018			2017		
	Cost \$	Accumulated amortization \$	Net \$	Cost \$	Accumulated amortization \$	Net \$
Land	26,058	-	26,058	26,058	-	26,058
Buildings	302,572	260,282	42,290	302,572	252,717	49,855
Building improvements	270,150	150,287	119,863	270,150	123,272	146,878
Equipment	40,538	29,321	11,217	38,383	29,843	8,540
	<u>639,318</u>	<u>439,890</u>	<u>199,428</u>	<u>637,163</u>	<u>405,832</u>	<u>231,331</u>
Deferred contributions	(94,960)	(49,224)	(45,736)	(94,960)	(39,728)	(55,232)
	<u>544,358</u>	<u>390,666</u>	<u>153,692</u>	<u>542,203</u>	<u>366,104</u>	<u>176,099</u>

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2018

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:

	2018 \$	2017 \$
Operating Fund		
St. Benedict's Table	80,855	87,298
St. George Woodlands Cemetery	18,129	19,735
	<hr/> 98,984	<hr/> 107,033
General Trust Fund		
Church of the Good Shepherd	468,198	498,723
St. Chad's	299,813	350,986
St. Francis	203,704	217,231
Archdeaconry Kenora/St. Alban's	243,839	273,229
	<hr/> 1,215,554	<hr/> 1,340,169
	<hr/> 1,314,538	<hr/> 1,447,202

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 4.70% and 4.95%) and mature in 2019.

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2018

8 Internally restricted funds

Internally restricted funds consist of:

	2018 \$	2017 \$
Operating Fund		
Clergy loan fund	29,246	29,246
Reserve for Lambeth/General Synod	40,557	35,807
	<hr/>	<hr/>
	69,803	65,053
New Church and Diocesan Ministry Development Fund – Capital	622,370	696,269
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	18,006	18,062
	<hr/>	<hr/>
	1,393,517	1,462,722

9 Fund transfers

The following interfund transfers were made to allocate trust income to the Operating Fund and were approved by the Board of Directors:

	2018 \$	2017 \$
Diocesan General Trust	12,618	12,049
Bird Trust	6,785	6,425
Shared Ministry Investment Trust	7,284	10,638
	<hr/>	<hr/>
	26,687	29,112

In addition to the interfund transfers noted above, there were allocations made between the internally restricted and unrestricted funds that were approved by the Board of Directors. There was also a transfer made from the unrestricted fund to the externally restricted fund to reflect the donor's restrictions on a grant received during the year.

The Synod of the Diocese of Rupert's Land

Notes to Financial Statements

December 31, 2018

10 Donations, bequests and other revenue

Donations, bequests and other revenue consist of the following:

	2018 \$	2017 \$
Operating Fund		
New England Co.	15,000	14,000
Anderson Trust	42,335	39,407
Parishioners' contributions	10,133	20,804
Rupert's Land Capital Fund Inc.	10,092	10,102
Rupert's Land News	8,353	7,450
The Bishop of the Diocese of Rupert's Land (a Corporation)	20,250	16,964
Other	9,960	7,860
	<hr/> 116,123	<hr/> 116,587
General Trust Fund		
Parishioners' contributions	50,000	-
Property Capital Fund		
Parishioners' contributions	-	11,774
Shared Ministry & Mission		
Parishioners' contributions	-	11,774
Healing and Reconciliation Fund		
Parishioners' contributions	-	11,774
	<hr/> 166,123	<hr/> 151,909

11 Distributions to beneficiaries

Distributions to beneficiaries consist of:

	2018 \$	2017 \$
St. John's College	17,621	17,691
Other distributions	60,176	64,920
	<hr/> 77,797	<hr/> 82,611

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 \$56,627 (2017 - \$50,534).