



Financial Statements

**The Incorporated Synod of  
the Diocese of Toronto**

December 31, 2009

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Grant Thornton

## Auditors' Report

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To the Members of

### **The Incorporated Synod of the Diocese of Toronto**

We have audited the statement of financial position of **The Incorporated Synod of the Diocese of Toronto** as at December 31, 2009 and the statements of revenue and expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **The Incorporated Synod of the Diocese of Toronto** as at December 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

Toronto, Ontario  
April 15, 2010

Chartered Accountants  
Licensed Public Accountants

# The Incorporated Synod of the Diocese of Toronto

## Statement of Revenue and Expenses

Year Ended December 31, 2009

	Unrestricted Funds			Capital Asset Fund	Restricted Funds	Endowment Funds	Total 2009	Total 2008
	Operating Fund	Invested Operating Funds	Total Unrestricted Funds					
<b>Revenue</b>								
Parishes	\$ 5,693,538	\$ -	\$ 5,693,538	\$ -	\$ -	\$ -	\$ 5,693,538	\$ 5,522,534
Fees and donations	376,818	648,235	1,025,053	-	-	-	1,025,053	196,613
Diocesan ACW	25,000	-	25,000	-	-	-	25,000	28,000
Donations - parishioners	-	-	-	-	801,562	-	801,562	826,353
Donations - other	40,001	40,000	80,001	-	616,874	-	696,875	604,600
Investment income	-	1,050,582	1,050,582	-	1,676,470	1,282,231	4,009,283	4,606,110
Capital appreciation (depreciation)	-	1,416,843	1,416,843	-	857,807	1,988,186	4,262,836	(13,017,101)
Property (Notes 6 and 7)	-	1,859,271	1,859,271	-	-	-	1,859,271	3,266,907
Other income	443,063	-	443,063	-	-	-	443,063	163,651
	<u>6,578,420</u>	<u>5,014,931</u>	<u>11,593,351</u>	<u>-</u>	<u>3,952,713</u>	<u>3,270,417</u>	<u>18,816,481</u>	<u>2,197,667</u>
<b>Expenses</b>								
The Wider Church	1,727,500	-	1,727,500	-	-	-	1,727,500	1,766,198
Episcopal care and leadership	1,403,790	-	1,403,790	-	-	-	1,403,790	1,447,554
Corporate governance and support services	2,039,247	-	2,039,247	-	-	-	2,039,247	1,684,594
Church and society	681,547	-	681,547	-	-	-	681,547	652,459
Supporting ordained and lay leaders	1,279,682	-	1,279,682	-	-	-	1,279,682	1,213,836
Church growth and development	1,577,339	-	1,577,339	-	-	-	1,577,339	1,600,757
Campaign costs	-	-	-	-	168,498	-	168,498	178,259
Fund disbursements	-	62,930	62,930	-	658,258	891,325	1,612,513	7,379,632
Parish support (Note 13)	111,463	1,364,787	1,476,250	-	-	-	1,476,250	1,305,455
Amortization of capital assets	-	-	-	241,489	-	-	241,489	60,442
	<u>8,820,568</u>	<u>1,427,717</u>	<u>10,248,285</u>	<u>241,489</u>	<u>826,756</u>	<u>891,325</u>	<u>12,207,855</u>	<u>17,289,186</u>
Excess (deficiency) of revenue over expenses	\$ <u>(2,242,148)</u>	\$ <u>3,587,214</u>	\$ <u>1,345,066</u>	\$ <u>(241,489)</u>	\$ <u>3,125,957</u>	\$ <u>2,379,092</u>	\$ <u>6,608,626</u>	\$ <u>(15,091,519)</u>

See accompanying notes to the financial statements.

## The Incorporated Synod of the Diocese of Toronto

### Statement of Changes in Fund Balances

Year Ended December 31, 2009

	Unrestricted Funds			Capital Asset Fund	Restricted Funds	Endowment Funds	Total 2009	Total 2008
	Operating Fund	Invested Operating Funds	Total Unrestricted Funds					
Fund balances, beginning of year	\$ (365,940)	\$ 20,338,739	\$ 19,972,799	\$ 1,567,886	\$ 21,079	\$ 19,146,454	\$ 40,708,218	\$ 55,799,737
Excess (deficiency) of revenue over expenses	(2,242,148)	3,587,214	1,345,066	(241,489)	3,125,957	2,379,092	6,608,626	(15,091,519)
Interfund transfers	<u>2,048,590</u>	<u>(440,867)</u>	<u>1,607,723</u>	<u>400,576</u>	<u>(1,849,844)</u>	<u>(158,455)</u>	-	-
Fund balances, end of year	\$ <u>(559,498)</u>	\$ <u>23,485,086</u>	\$ <u>22,925,588</u>	\$ <u>1,726,973</u>	\$ <u>1,297,192</u>	\$ <u>21,367,091</u>	\$ <u>47,316,844</u>	\$ <u>40,708,218</u>

See accompanying notes to the financial statements.

# The Incorporated Synod of the Diocese of Toronto

## Statement of Financial Position

December 31, 2009

	Unrestricted Funds			Capital Asset Fund	Restricted Funds	Endowment Funds	Total 2009	Total 2008
	Operating Fund	Invested Operating Funds	Total Unrestricted Funds					
<b>Assets</b>								
Current								
Cash and cash equivalents	\$ 565,712	\$ 250,940	\$ 816,652	\$ -	\$ 202,389	\$ -	\$ 1,019,041	\$ 2,409,891
Receivables - parishes	914,134	-	914,134	-	172,506	-	1,086,640	904,511
- other	844,685	-	844,685	-	45,445	-	890,130	1,319,834
Prepays	14,125	-	14,125	-	-	-	14,125	115,594
Amounts due from Consolidated Trust Fund (Note 3)	<u>1,124,666</u>	<u>-</u>	<u>1,124,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,124,666</u>	<u>648,738</u>
	3,463,322	250,940	3,714,262	-	420,340	-	4,134,602	5,398,568
Loans receivable (Note 4)								
Parishes	1,340,376	3,320,210	4,660,586	-	-	-	4,660,586	4,711,448
Clergy	33,611	-	33,611	-	-	-	33,611	67,026
Investments (Note 5)	-	16,323,392	16,323,392	-	10,275,681	21,367,091	47,966,164	41,939,837
Property (Note 6 and 7)	<u>-</u>	<u>1,079,000</u>	<u>1,079,000</u>	<u>1,726,973</u>	<u>-</u>	<u>-</u>	<u>2,805,973</u>	<u>1,567,886</u>
	\$ <u>4,837,309</u>	\$ <u>20,973,542</u>	\$ <u>25,810,851</u>	\$ <u>1,726,973</u>	\$ <u>10,696,021</u>	\$ <u>21,367,091</u>	\$ <u>59,600,936</u>	\$ <u>53,684,765</u>
<b>Liabilities</b>								
Current								
Distributions payable	\$ -	\$ -	\$ -	\$ -	\$ 1,167,623	\$ -	\$ 1,167,623	\$ 1,193,163
Payables and accruals	<u>1,944,469</u>	<u>-</u>	<u>1,944,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,944,469</u>	<u>2,542,284</u>
	1,944,469	-	1,944,469	-	1,167,623	-	3,112,092	3,735,447
Employee future benefits (Note 10)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,172,000</u>	<u>-</u>	<u>9,172,000</u>	<u>9,241,100</u>
	1,944,469	-	1,944,469	-	10,339,623	-	12,284,092	12,976,547
Interfund balances	3,452,338	(2,511,544)	940,794	-	(940,794)	-	-	-
Fund balances	<u>(559,498)</u>	<u>23,485,086</u>	<u>22,925,588</u>	<u>1,726,973</u>	<u>1,297,192</u>	<u>21,367,091</u>	<u>47,316,844</u>	<u>40,708,218</u>
	\$ <u>4,837,309</u>	\$ <u>20,973,542</u>	\$ <u>25,810,851</u>	\$ <u>1,726,973</u>	\$ <u>10,696,021</u>	\$ <u>21,367,091</u>	\$ <u>59,600,936</u>	\$ <u>53,684,765</u>

Contingent liabilities (Note 14)

On behalf of the Diocesan Council

See accompanying notes to the financial statements.

# The Incorporated Synod of the Diocese of Toronto

## Statement of Cash Flows

Year Ended December 31, 2009

	Unrestricted Funds			Capital Asset Fund	Restricted Funds	Endowment Funds	Total 2009	Total 2008
	Operating Fund	Invested Operating Funds	Total Unrestricted Funds					
Increase (decrease) in cash and cash equivalents								
<b>Operating activities</b>								
Excess (deficiency) of revenue over expenses	\$ (2,242,148)	\$ 3,587,214	\$ 1,345,066	\$ (241,489)	\$ 3,125,957	\$ 2,379,092	\$ 6,608,626	\$ (15,091,519)
Add (deduct):								
Amortization	-	-	-	241,489	-	-	241,489	60,442
Property dispositions	-	(1,079,000)	(1,079,000)	-	-	-	(1,079,000)	-
Employee future benefits	-	-	-	-	(69,100)	-	(69,100)	-
Capital (appreciation) depreciation	-	(1,416,843)	(1,416,843)	-	(857,807)	(1,988,186)	(4,262,836)	13,017,101
	(2,242,148)	1,091,371	(1,150,777)	-	2,199,050	390,906	1,439,179	(2,013,976)
Change in non-cash working capital (Page 6)	(803,860)	477,815	(326,045)	-	(424,194)	-	(750,239)	866,500
	(3,046,008)	1,569,186	(1,476,822)	-	1,774,856	390,906	688,940	(1,147,476)
<b>Financing activity</b>								
Interfund transfers	2,048,590	(440,867)	1,607,723	400,576	(1,849,844)	(158,455)	-	-
<b>Investing activities</b>								
(Increase) decrease in investments	-	(1,135,996)	(1,135,996)	-	(395,044)	(232,451)	(1,763,491)	746,722
Decrease (increase) in loans receivable	76,440	7,837	84,277	-	-	-	84,277	(116,451)
Purchase of capital assets	-	-	-	(400,576)	-	-	(400,576)	(1,539,181)
	76,440	(1,128,159)	(1,051,719)	(400,576)	(395,044)	(232,451)	(2,079,790)	(908,910)
Net decrease in cash and cash equivalents	(920,978)	160	(920,818)	-	(470,032)	-	(1,390,850)	(2,056,386)
Cash and cash equivalents, beginning of year	1,486,690	250,780	1,737,470	-	672,421	-	2,409,891	4,466,277
Cash and cash equivalents, end of year	\$ 565,712	\$ 250,940	\$ 816,652	\$ -	\$ 202,389	\$ -	\$ 1,019,041	\$ 2,409,891

See accompanying notes to the financial statements.

## The Incorporated Synod of the Diocese of Toronto

### Statement of Cash Flows (continued)

Year Ended December 31, 2009

	Unrestricted Funds			Capital Asset Fund	Restricted Funds	Endowment Funds	Total 2009	Total 2008
	Operating Fund	Invested Operating Funds	Total Unrestricted Funds					
Change in non-cash working capital								
Receivables	\$ 350,666	\$ -	\$ 350,666	\$ -	\$ (103,091)	\$ -	\$ 247,575	\$ 115,288
Prepays	101,469	-	101,469	-	-	-	101,469	(55,586)
Amounts due from Consolidated Trust Fund	(475,928)	-	(475,928)	-	-	-	(475,928)	233,580
Payables, accruals and amounts due to related funds	(780,067)	477,815	(302,252)	-	(295,563)	-	(597,815)	533,760
Distributions payable	-	-	-	-	(25,540)	-	(25,540)	39,458
	<u>\$ (803,860)</u>	<u>\$ 477,815</u>	<u>\$ (326,045)</u>	<u>\$ -</u>	<u>\$ (424,194)</u>	<u>\$ -</u>	<u>\$ (750,239)</u>	<u>\$ 866,500</u>

See accompanying notes to the financial statements.

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2009

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### 1. Purpose

The Diocese of Toronto was incorporated by “*An Act to Incorporate the Synod of the Diocese of Toronto, and to unite the Church Society of the Diocese of Toronto therewith*”, an act of the legislature of Ontario passed on January 23, 1869. The corporation created by this statute is “The Incorporated Synod of the Diocese of Toronto” (“Diocese”). The Diocese is a registered charitable organization and is exempt from income tax.

The mission of the Diocese is to worship God and proclaim Jesus Christ in the power of the Holy Spirit and to embody - in word and action - God’s reconciling love, justice, compassion and liberation – through which knowledge of God’s reign is extended.

The historic purpose of the Diocese is the encouragement and support of clergy, the augmentation of stipends and making provision for the widows and orphans of clergy, the encouragement of education, granting assistance where necessary to those preparing for the ministry, the circulation in the Diocese of the bible and prayer books, obtaining and granting aid towards the erection, endowment and maintenance of churches, and the orderly management of property, affairs and interests of the Church.

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### 2. Summary of significant accounting policies

#### a) Fund accounting

Interfund transfers from Unrestricted Funds, Restricted Funds, and Endowment Funds are not discretionary. The full amount of income available is transferred to the Operating Fund, provided that any restrictions imposed on the use of a particular fund is met.

#### Unrestricted Funds

Revenue and expenses for service delivery activities and administration are reported in the Operating Fund.

Unrestricted investment funds are reported as Invested Operating Funds. Related investment income is reported in the Invested Operating Funds. Related expenditures are reported in the Invested Operating Funds.

#### Capital Asset Fund

The Capital Asset Fund reports the assets, liabilities, revenue and expenses related to capital assets.

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2009

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### 2. Summary of significant accounting policies (continued)

#### Restricted Funds

Funds externally restricted by donors, canons of Synod, or other persons are reported as Restricted Funds. Related investment income is reported in the Restricted Funds.

Restricted Funds include FaithWorks Fund which reports revenue, expenses incurred in raising revenue, and distributions to participants in FaithWorks, an annual financial appeal (Note 9).

#### Endowment Funds

Endowment contributions are reported as Endowment Funds. Related investment income is reported in the Endowment Funds. Included in the Endowment Funds is undistributed accumulated income in the amount of \$1,317,573 (2008 - \$1,282,231)

#### Financial statements

The financial statements include the accounts of The Incorporated Synod of the Diocese of Toronto. They do not include the assets, liabilities, income and expenses of the parishes nor the assets of the funds managed by The Incorporated Synod of the Diocese of Toronto. Funds managed include The Consolidated Trust Fund and The Cemetery Fund which are reported on separately.

The financial statements also do not include the affairs of any diocesan related organizations which are separately incorporated and controlled.

#### **b) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

#### **c) Financial Instruments**

Receivables are classified as loans and receivables and are measured at fair value.

Investments are classified as held for trading and are measured at fair value with capital appreciation (depreciation) being reported on the statement of revenue and expenses.

Payables and accruals and other liabilities are classified as other financial liabilities and are measured at fair value.

#### **d) Capital assets**

Because the historical costs of the Diocese's capital assets acquired prior to January 1, 1993 are not reasonably determinable, these assets have not been capitalized and amortized. This includes the properties set out under the insurance coverage note.

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2009

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### 2. Summary of significant accounting policies (continued)

#### Amortization

Capital assets acquired after December 31, 1992 are recorded at cost and amortized over the useful lives of the assets. The annual rates used to amortize assets are as follows:

Computer hardware	- 3 years, straight-line
Computer software	- 2 years, straight-line
Leasehold improvements	- 5 years, straight-line
Diocesan centre renovations	- 10 years, straight-line

#### e) Revenue recognition

Donations are recorded on the accrual basis, using the restricted fund method of accounting. Proceeds from the FaithWorks appeal are recognized as revenue when pledged. Donations that are designated by the donor for a specific recipient form all or part of the distribution or allocation to the recipient, as appropriate.

Properties contributed to the Diocese are recorded in the financial statements at the net amount realized on their liquidation.

From time to time, the Diocese assumes the management of Church properties from parishes or congregations (former parish properties). This can occur when a church is closed; when a parish or congregation is disestablished or amalgamated with another parish or congregation. Former parish properties assumed by the Diocese are not held as investments used for the operations of the Diocese or to provide the services of the Diocese: the preferred use of the assets is the establishment of a new parish. Management does not exercise control over these former parish properties (other than property management) unless a decision is made to sell the former parish property by the Diocesan Council. When Diocesan Council reaches a decision to sell a former parish property, the fair value of the former parish property is recognized as a contribution to the Ministry Allocation Fund (Invested Operating Funds). Information listing the former parish properties held by the Diocese is disclosed in Note 7 to the financial statements.

Sundry revenue received from the rental of such properties and the costs of maintaining these properties are included in the revenue and expenses of the unrestricted fund.

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2009

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### 2. Summary of significant accounting policies (continued)

#### f) Post retirement benefits

The Diocese accrues its obligations under clergy and employee benefit plans and the related costs, net of plan assets. The Diocese has adopted the following accounting policies:

- The costs of post retirement benefits earned by clergy and employees are actuarially determined using the projected benefit method prorated on service and management's best estimate of expected health care costs and the continuing of the post retirement program as currently supported by the Diocese.
- For the purposes of calculating the expected return on plan assets, those assets are valued at market value.
- The excess of the actuarial gain (loss) over 10% of the benefit obligation, resulting from changes in actuarial assumptions used to determine the accrued benefit obligation, is amortized over the average remaining service period of active plan members. The average remaining service period of the active plan members covered by the pension and other benefits plans is 11.2 years.

#### g) Use of estimates

In preparing the Diocese's financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

#### Adoption of new accounting standards

Effective fiscal 2009, the Diocese adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook Section:

Section 1535, "*Capital Disclosures*", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to determine if the entity has complied with capital requirements and if not, the consequences of such non-compliance. This standard has not had any impact on the Diocese's financial statements for fiscal 2009.

CICA 4400 – "*Financial Statement Presentation by Not for Profit Organizations*" – This section was amended to permit a not for profit organization to present net assets invested in capital assets as a category of internally restricted net assets and clarification of presentation of revenue and expenses on a gross basis when the entity is acting as the principal in a transaction. This standard has not had any impact on the Diocese's financial statements for fiscal 2009.

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2009

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### 2. Summary of significant accounting policies (continued)

#### Adoption of new accounting standards (continued)

CICA 4460 – *“Disclosure of Related Party Transactions by Not for Profit Organizations”* – This section was amended to align the definition of related parties to CICA 3840 – *“Related Party Transactions.”* This standard has not had any impact on the Diocese’s financial statements for fiscal 2009.

CICA 4470 – *“Disclosure of Allocated Expenses by Not-for-Profit Organizations”* – This section establishes disclosure standards for a Not-for-Profit Organization that classified its expenses by function and allocated its expenses to a number of functions to which the expenses relate. These disclosures, which are detailed in Note 12, are required when salaries and benefits are allocated to other functions.

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### 3. Amounts due from Consolidated Trust Fund

The amounts due from Consolidated Trust Fund of the Incorporated Synod of the Diocese of Toronto (“Consolidated Trust Fund”), a related party due to common oversight, arise from transactions in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The amounts bear interest at the prime rate of interest as determined by reference to the Diocese’s bank prime rate and are due on demand with no specific terms of repayment.

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### 4. Loans receivable

Loans to parishes bear interest from zero to the prime rate of interest and terms of repayment vary from on demand to set repayment over periods not exceeding five years. The prime rate of interest is determined by reference to the Diocese’s bank prime rate.

Loans to clergy, for the purpose of purchasing cars, are interest bearing with specific terms of repayment. Interest is calculated at the prime rate of interest as determined by the Diocese’s bank.

# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2009

### 5. Investments

These investments represent the Diocese's proportionate ownership of outstanding units held in The Consolidated Trust Fund and are valued at fair value. Separate financial statements are prepared for the fund.

Capital and Income funds are held as follows:

	<u>2009</u>	<u>2008</u>
The Consolidated Trust Fund		
Total number of units outstanding	554,675	533,966
Number of units owned by the Diocese	252,337	245,228
Share of undistributed assets	\$ 44,467,419	\$ 38,929,382
Share of distributions receivable	<u>3,498,745</u>	<u>3,010,455</u>
Total investments	<u>\$ 47,966,164</u>	<u>\$ 41,939,837</u>

### 6. Capital assets and other properties

		<u>2009</u>	<u>2008</u>
a) Capital assets			
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
			<u>Net Book Value</u>
Computer hardware	\$ 425,535	\$ 388,541	\$ 36,994
Leasehold improvements	390,492	271,972	118,520
Diocesan centre renovations	1,746,065	174,606	1,571,459
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,562,092</u>	<u>\$ 835,119</u>	<u>\$ 1,726,973</u>
			<u>\$ 1,567,886</u>

The Diocese also owns the following capital assets at December 31, 2009, which are insured as follows:

The Diocesan Centre located at 135 Adelaide Street East, Toronto *	\$ 5,927,600
315 Dundas Street East, Toronto	\$ 2,735,754
323 Dundas Street East, Toronto	\$ 1,593,093
327 Dundas Street East, Toronto	\$ 921,589
House, Mill Street, Orono	\$ 165,379

\* The Centre is situated on land that is leased by the Diocese from the Cathedral. The land lease expired on March 31, 2005. The Diocese and the Cathedral are presently negotiating a new lease. A draft memo of understanding between the Diocese and the Cathedral anticipates a base rent of \$30,000 for 2008 and thereafter, subject to an annual increase for inflation.

# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2009

### 6. Capital assets and other properties (continued)

#### b) Other properties

The Diocese owns land which is rented under a 99-year lease (commencing in 1983) which is not a capital asset. The cost of the land is not recorded in these financial statements. Rental income from the 99-year lease of this property in the amount of \$922,351 (2008 - \$988,415) has been recorded as part of the investment income of the Restricted Funds.

In addition, the Diocese owns undeveloped land as follows:

- Property (undeveloped land) Angeline St. N., Lindsay
- Property (undeveloped land), Columbus, Oshawa
- Property (undeveloped land), Bayly St., Ajax
- Property (undeveloped land), 1211 Brealey St. Peterborough

### 7. Former Parish Properties managed and controlled by Diocese

In accordance with the accounting policy for former parish properties managed and controlled by the Diocese, the following properties assumed by the Diocese have not been recorded as revenue in the financial statements and are not recorded on the statement of financial position:

- 53 Burnaby Blvd., Toronto
- Building Tootie and Cameron Street, Cannington
- 10101, 10103 Keele Street, Maple
- 157 Florence Ave., Toronto

During the year, following Diocesan Council approval, the following former parish properties were sold;

	Proceeds	
	<u>Gross</u>	<u>Net</u>
• 17 Tree Top St., Angus	\$ 238,000	\$ 225,116
• 181 County Road 28, Ballieboro	150,000	140,550
• 62 Rideout St., Ajax	294,000	231,905
• 994205 Mono/Adjala Township Line, County of Simcoe	192,000	<u>182,700</u>
		<u>\$ 780,271</u>

The net proceeds have been recorded as revenue of the Invested Operating Funds (Ministry Allocation Fund).

In addition, during the year Diocesan Council determined that certain properties under its control should be sold. As a result, the estimated fair value of the property at the time the decision to sell was made, has been recorded as revenue;

• St. James, Crown Hill	\$ 250,000
• St. George, Peterborough	459,000
• St. Paul, Beeton	<u>370,000</u>
	<u>\$ 1,079,000</u>

# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2009

### 8. Bank indebtedness

At December 31, 2009, the Diocese had an unsecured operating line of credit of \$2,000,000, of which the full amount remained available. Interest on funds drawn on the line is calculated at the prime rate of interest as determined by the Diocese's bank.

### 9. FaithWorks Fund

2009

2008

The following are included in restricted funds:

#### Revenue

Donations - Parishioners	\$ 801,562	\$ 826,353
- Corporate campaign	323,537	341,201
- Other	293,337	238,014
Investment income	<u>26,269</u>	<u>24,003</u>
	\$ <u>1,444,705</u>	\$ <u>1,429,571</u>

#### Fund disbursements

FaithWorks distributions:

All Saints Church Community Centre	\$ 300,000	\$ 300,000
Flemingdon Park Ministries	260,000	300,000
Primates World Relief and Development Fund	112,955	96,336
Other designated	40,444	9,355
The Dam	65,000	65,000
The Bridge	63,100	63,100
Anglican United Refugee Alliance	47,000	47,000
Downsview Youth Covenant	46,500	46,500
LOFT Community Services	45,444	46,313
Samaritan House	41,400	41,400
Episcopal area outreach	40,078	43,289
Retained by parishes for outreach	85,170	68,583
David Busby Centre	33,000	33,000
North House	29,113	25,400
Couchiching Jubilee House	26,250	26,250
TUNM (Toronto Urban Native Ministry)	25,000	25,000
Buckhorn Rural Outreach	24,200	21,300
Philip Aziz Centre	20,000	20,000
Anglican Appeal	14,468	12,542
PEACH	2,000	-
Council of the North	926	-
	<u>1,322,048</u>	<u>1,290,368</u>

# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2009

9. FaithWorks Fund (continued)	<u>2009</u>	<u>2008</u>
<b>Campaign costs</b>		
Staffing	114,000	110,000
Printing - campaign material	24,302	49,213
Travel	1,375	104
Service fees	4,530	3,848
Shipping and postage	12,109	10,650
Other	<u>12,182</u>	<u>4,444</u>
	<u>168,498</u>	<u>178,259</u>
<b>Total disbursements/campaign costs</b>	<u>1,490,546</u>	<u>1,468,627</u>
<b>Deficiency of revenue over expenditures</b>	<b>\$ <u>(45,841)</u></b>	<b>\$ <u>(39,056)</u></b>

### 10. Employee future benefits

#### *Retirement benefits*

The Diocese provides retirement health care benefits to its clergy and employees. Under the cost sharing arrangement, 75% of premiums are paid by the Diocese. The obligation recorded in the financial statements and the information provided below is the Diocese's portion and does not include the portion (25%) paid by the retirees.

Information about the health care benefits plan is as follows:	<u>2009</u>	<u>2008</u>
Expense for the year	<b>\$ <u>317,400</u></b>	<b>\$ <u>371,400</u></b>
Accrued benefit obligation	<b>\$ <u>6,756,700</u></b>	<b>\$ <u>6,888,000</u></b>
Market value of plan assets	<b><u>386,900</u></b>	<b><u>435,700</u></b>
Funded status before segregated restricted funds - plan deficit	<b>\$ <u>6,369,800</u></b>	<b>\$ <u>6,452,300</u></b>
Restricted funds segregated for retirement benefits	<b>\$ <u>7,589,313</u></b>	<b>\$ <u>6,609,457</u></b>
Accrued benefit liability	<b>\$ <u>9,172,000</u></b>	<b>\$ <u>9,241,100</u></b>
Other information:		
Benefits paid during the year	<b>\$ <u>386,500</u></b>	<b>\$ <u>397,300</u></b>
Significant actuarial assumptions are as follows:		
Health care cost trend rates		
Health	<b>8.0%</b>	7.0%
Dental	<b>4.0%</b>	4.0%

A discount rate of 7.3% was used for 2009 benefit cost. The discount rate has been reduced to 6.4% for the disclosure as at December 31, 2009. The discount rate was determined in accordance with Section 3461 of the CICA Handbook.

# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2009

### 10. Employee future benefits (continued)

#### *Employee pension plan*

The clergy and the lay employees of the Diocese are also members of the General Synod Pension Plan, a specified multi-employer pension plan administered by the Pension Office of the Anglican Church of Canada. Contributions to the plan are made by clergy, parishes, employees and the Diocese. The Diocese's share of contributions made to the pension plan amounted to \$324,502 (2008 - \$316,807).

### 11. Financial instruments

#### Credit risk

The Diocese is subject to credit risk through receivables and loans receivable. The Diocese maintains a provision for potential losses of \$1,005,110 (2008 - \$998,110) and any such losses to date have been within management's expectations.

#### Interest rate risk

The Diocese's earnings are exposed to the interest rate risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The Diocese does not use derivative instruments to alter its exposure to interest rate risk.

#### Fair value

The Diocese's estimate of the fair value of receivables, amounts due from/to related funds, loans receivable, distributions payable and other payables and accruals approximates the carrying value.

### 12. Expense allocation

	The Wider Church	Episcopal care & leadership	Corporate governance & support	Church & society	Supporting ordained & lay leaders	Church growth & development	Parish support	2009	2008
Direct costs	\$ 1,727,500	\$ 275,141	\$ 1,049,075	\$ 597,961	\$ 833,357	\$ 893,791	\$ 111,463	\$ 5,488,288	\$ 4,916,053
Salaries and Benefits	-	1,128,649	990,172	83,586	446,325	683,548	-	3,332,280	3,361,247
Total	\$ 1,727,500	\$ 1,403,790	\$ 2,039,247	\$ 681,547	\$ 1,279,682	\$ 1,577,339	\$ 111,463	\$ 8,820,568	\$ 8,277,300

#### Allocation method:

Personnel costs are allocated based on staff estimates of time spent on each functional area.

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2009

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### 13. Parish support

The Diocese is able to support Parishes through the Ministry Allocation Fund. Grants from these funds are used for capital purposes, ministry enhancements and to support new forms of ministry. In 2009, the following grants were distributed:

#### Ministry Grants

St. Anne's, Toronto	\$	85,000
St. George's, Allandale		50,000
Church of the Ascension		30,000
Christ Memorial Church		22,000
St. Matthew the Apostle		35,000
St. David's, Toronto		14,000

#### Real Estate Grants

Parish of the Evangelists		338,089
St. Clement's, Eglinton		250,000
All Saints', Markham		100,000
St. John the Evangelist		93,000
Parish of Mono		60,000
St. Paul, Bloor Street		50,000

#### Other Grants

St. Chad's		109,963
Other grants		<u>239,198</u>
	\$	<u>1,476,250</u>

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### 14. Contingent liabilities

The Diocese is listed as a co-defendant in a claim seeking damages of \$1,150,000 for incidents involving sexual abuse, breach of duty of care plus special damages for pre-judgement interest on any sums awarded, solicitor costs, and such further relief as decided by the court.

In addition, the Diocese is aware of a complainant seeking compensation for damages related to alleged incidents of sexual abuse by a parish lay employee.

Management has accrued amounts considered reasonable for settlement of these cases.

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### 15. Subsequent events

On January 28, 2010, Diocesan Council approved for sale the Diocesan owned property, located at 19 Mill Street, Orono, for not less than \$220,000.

On February 25, 2010 Diocesan Council approved for sale the Diocesan owned property, located at 53 Burnaby Blvd. Toronto (formerly St. Margaret, North Toronto) for no less than \$1.7 million.

As these properties are not held for sale, there is no financial impact of these transactions.

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**The Incorporated Synod of the Diocese of Toronto**  
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**16. Comparative figures**

Certain of the comparative figures have been reclassified to conform with the financial statement presentation of the current year.