



Financial Statements

**The Consolidated Trust Fund of the Incorporated  
Synod of the Diocese of Toronto**

December 31, 2011

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# Independent Auditor's Report

**Grant Thornton LLP**  
Royal Bank Plaza  
19th Floor, South Tower  
200 Bay Street, Box 55  
Toronto, ON  
M5J 2P9  
T (416) 366-0100  
F (416) 360-4949  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Unitholders of

## **The Consolidated Trust Fund of the Incorporated Synod of the Diocese of Toronto**

We have audited the accompanying financial statements of **The Consolidated Trust Fund of the Incorporated Synod of the Diocese of Toronto**, which comprise the statement of net assets as at December 31, 2011, December 31, 2010 and January 1, 2010 and the statements of earnings and changes in net assets for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 our 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 Diocese'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 Diocese'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 Consolidated Trust Fund of the Incorporated Synod of the Diocese of Toronto** as at December 31, 2011, December 31, 2010 and January 1, 2010 and the results of its operations and change in net assets for the years ended December 31, 2011 and December 31, 2010 in accordance with Canadian accounting standards for private enterprises.

*Grant Thornton LLP*

Toronto, Canada  
May 17, 2012

Chartered Accountants  
Licensed Public Accountants

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## The Consolidated Trust Fund of the Incorporated Synod of the Diocese of Toronto

### Statement of Earnings

Year Ended December 31 2011 2010

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Revenue		
Interest and dividends	\$ <u>3,278,256</u>	\$ <u>2,823,301</u>
Expenses		
Investment counsel fees	384,467	382,947
Administration expenses - Diocese (Note 5)	88,978	90,459
Custodian fee	49,565	49,382
Other	<u>1,217</u>	<u>16</u>
	<u>524,227</u>	<u>522,804</u>
Net investment income	2,754,029	2,300,497
Capital (depreciation) appreciation	<u>(3,573,262)</u>	<u>6,008,252</u>
Net (loss) gain	\$ <u>(819,233)</u>	\$ <u>8,308,749</u>
Average number of units outstanding	<u>534,155</u>	<u>540,641</u>
Net (loss) gain per unit	\$ <u>(1.53)</u>	\$ <u>15.37</u>

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See accompanying notes to the financial statements.

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## The Consolidated Trust Fund of the Incorporated Synod of the Diocese of Toronto

### Statement of Changes in Net Assets

Year Ended December 31	2011	2010
Net assets, beginning of year	\$ <u>97,769,814</u>	\$ <u>97,746,742</u>
Net (loss) gain	<u>(819,233)</u>	<u>8,308,749</u>
Unit transactions		
Contributions received to purchase units	7,865,100	7,160,192
Redemption amounts paid on cancellation of units	<u>(5,153,604)</u>	<u>(12,161,787)</u>
	<u>2,711,496</u>	<u>(5,001,595)</u>
Distributions to unit holders		
Net investment income	(2,754,029)	(2,300,497)
Distribution from capital in the year	<u>(1,496,442)</u>	<u>(983,585)</u>
	<u>(4,250,471)</u>	<u>(3,284,082)</u>
Net assets, end of year	\$ <u>95,411,606</u>	\$ <u>97,769,814</u>
Number of units outstanding, end of year (Note 8)	<u>541,702</u>	<u>526,607</u>
Net assets, end of year, per unit	\$ <u>176.13</u>	\$ <u>185.66</u>
Distribution per unit	\$ <u>8.08</u>	\$ <u>6.12</u>

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See accompanying notes to the financial statements.

# The Consolidated Trust Fund of the Incorporated Synod of the Diocese of Toronto

## Statement of Net Assets

December 31

2011

2010

January 1,  
2010

### Assets

Investments, at fair value (Note 6)	\$ 95,580,032	\$ 99,614,082	\$ 100,101,145
Cash	3,816,673	1,622,284	2,507,873
Interest receivable	40,807	80,936	66,930
	<u>99,437,512</u>	<u>101,317,302</u>	<u>102,675,948</u>

### Liabilities

Dividend payable and accruals	3,495,496	3,503,985	3,804,538
Amounts due to Incorporated Synod of the Diocese of Toronto	530,410	43,503	1,124,666
	<u>4,025,906</u>	<u>3,547,488</u>	<u>4,929,204</u>

### Net assets

\$ 95,411,606	\$ 97,769,814	\$ 97,746,744
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### Represented by:

Parish funds	\$ 41,021,247	\$ 41,048,755	\$ 46,658,120
Anglican Diocese of Toronto Foundation funds	6,820,850	7,189,040	6,621,205
Diocesan funds	<u>47,569,509</u>	<u>49,532,019</u>	<u>44,467,419</u>
	<u>\$ 95,411,606</u>	<u>\$ 97,769,814</u>	<u>\$ 97,746,744</u>

On behalf of the Diocesan Council




See accompanying notes to the financial statements.

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# **The Consolidated Trust Fund of the Incorporated Synod of the Diocese of Toronto**

## **Notes to the Financial Statements**

December 31, 2011

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### **1. Purpose**

The Consolidated Trust Fund (the "Fund") was created by statute (54 Victoria, C101) on May 4, 1891 to provide for the management and investment of the trust funds under the control of Synod as one undivided fund. By statute (1936) parishes and other church related bodies were permitted to invest in the Fund. The Incorporated Synod of the Diocese of Toronto and its parishes are registered charities under the Income Tax Act and are exempt from income taxes under Section 149 of the Act.

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### **2. Statement of compliance with Canadian accounting standards for private enterprises**

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises.

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### **3. First-time adoption of Canadian accounting standards for private enterprises**

These financial statements are the first financial statements for which the Company has applied the Canadian accounting standards for private enterprises ("ASPE").

The date of transition to ASPE is January 1, 2010. The Company's transition from Canadian Generally Accepted Accounting Policies ("previous GAAP") to ASPE has had no significant impact on the opening retained earnings as at January 1, 2010 or the statement of earnings for the year ended December 31, 2010 or the statement of cash flows for the year ended December 31, 2010.

The reconciliations and disclosures required by Section 1500 First-time adoption, for the retained earnings at the transition date, the comparative period earnings and the cash flow statement are not necessary and have not been presented in these financial statement notes.



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# **The Consolidated Trust Fund of the Incorporated Synod of the Diocese of Toronto**

## **Notes to the Financial Statements**

December 31, 2011

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#### **4. Summary of significant accounting policies**

##### **Unit valuation**

The Fund is a unitized fund which is valued quarterly. Deposits and withdrawals are valued at the unit value as at the end of the quarter in which they occur.

##### **Distribution**

The aggregate income and capital distribution for the year was at the rate of \$8.08 per unit, being 4.5% on a June 30, 2010 3 year rolling average, calculated semi-annually. The Investment Committee of the Diocese reviews this rate annually, to ensure that it is reasonable relative to the total return of the fund and the annual rate of inflation.

The dividend is allocated to unitholders quarterly, pro-rata to the number of units held at the beginning of the quarter.

##### **Translation of foreign currencies**

Investments in foreign currencies are translated into Canadian dollars at the year-end rate of exchange. Translation gains and losses are included in earnings.

##### **Revenue and expense recognition**

Revenue and expenses are recorded on the accrual basis.

##### **Investments**

Investments are stated at fair value which has been determined by reference to last bid price of these investments.

##### **Use of estimates**

In preparing the Fund'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.

# The Consolidated Trust Fund of the Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2011

### 5. Administration expenses – Diocese

The Incorporated Synod of the Diocese of Toronto provides accounting services and administrative oversight to the Consolidated Trust Fund and charges these costs to the Fund on a cost recovery basis. The amount charged is set as a flat amount and forms part of the Diocese's budget approved by Synod.

### 6. Investments

Investments are carried at fair value which results in capital gains or losses being allocated to unitholders.

	<u>2011</u>	<u>%</u>	<u>2010</u>	<u>%</u>	January 1, <u>2010</u>	<u>%</u>
Short term deposits	\$ 9,537,274	10	\$ 1,364,503	1	\$ 1,105,125	1
Bonds - Government of Canada	11,036,441	12	13,077,011	13	16,107,306	16
- Provinces of Canada	11,380,745	12	11,919,748	12	11,735,513	12
- Corporations	8,632,135	9	7,462,013	8	7,851,411	8
Stocks	54,849,979	57	65,790,807	66	63,301,790	63
Mutual Funds	143,458	-	-	-	-	-
	<u>\$ 95,580,032</u>	<u>100</u>	<u>\$ 99,614,082</u>	<u>100</u>	<u>\$100,101,145</u>	<u>100</u>

### 7. Financial instruments

#### Interest rate risk

The Fund'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 Fund does not use derivative instruments to alter its exposure to interest rate risk.

#### Fair value

The Fund's estimate of the fair value of interest receivable, dividend payable and accruals and amounts due to Synod Operating Fund approximates the carrying value due to the relatively short term nature of the instruments.

### 8. Continuity of units outstanding

	<u>2011</u>	<u>2010</u>
Units, beginning of year	\$ 526,607	\$ 554,675
Subscriptions	43,889	39,257
Redemptions	<u>(28,794)</u>	<u>(67,325)</u>
Units, end of year	<u>\$ 541,702</u>	<u>\$ 526,607</u>