



Financial Statements

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

December 31, 2012

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Earnings	3
Statement of Changes in Net Assets	4
Statement of Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 9

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

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, 2012 and the statements of earnings, changes in net assets and cash flows for the year then ended, 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 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 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 Consolidated Trust Fund of The Incorporated Synod of the Diocese of Toronto** as at December 31, 2012 and the results of its operations, change in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.



Toronto, Canada
June 20, 2013

Chartered Accountants
Licensed Public Accountants

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

Year Ended December 31

2012

2011

Revenue		
Interest and dividends	\$ <u>3,553,557</u>	\$ <u>3,278,256</u>
Expenses		
Investment counsel fees	316,452	384,467
Administration expenses - Diocese (Note 3)	89,523	88,978
Custodian fee	41,047	49,565
Other	2,458	1,217
	<u>449,480</u>	<u>524,227</u>
Net investment income	3,104,077	2,754,029
Capital appreciation (depreciation)	<u>4,899,914</u>	<u>(3,573,262)</u>
Net gain (loss)	<u>8,003,991</u>	<u>(819,233)</u>
Average number of units outstanding	<u>542,107</u>	<u>534,155</u>
Net gain (loss) per unit	\$ <u>14.77</u>	\$ <u>(1.53)</u>

See accompanying notes to the financial statements.

**The Consolidated Trust Fund
of The Incorporated Synod of the Diocese of Toronto
Statement of Changes in Net Assets**

Year Ended December 31	2012	2011
Net assets, beginning of year	\$ <u>95,411,606</u>	\$ <u>97,769,814</u>
Net gain (loss)	<u>8,003,991</u>	<u>(819,233)</u>
Unit transactions		
Contributions received to purchase units	10,357,213	7,865,100
Redemption amounts paid on cancellation of units	<u>(10,028,724)</u>	<u>(5,153,604)</u>
	<u>328,489</u>	<u>2,711,496</u>
Distributions to unit holders		
Net investment income	(3,104,077)	(2,754,029)
Distribution from capital in the year	<u>(1,042,798)</u>	<u>(1,496,442)</u>
	<u>(4,146,875)</u>	<u>(4,250,471)</u>
Net assets, end of year	\$ <u>99,597,211</u>	\$ <u>95,411,606</u>
Number of units outstanding, end of year (Note 6)	<u>542,512</u>	<u>541,702</u>
Net assets, end of year, per unit	\$ <u>183.58</u>	\$ <u>176.13</u>
Distribution per unit	\$ <u>7.77</u>	\$ <u>8.08</u>

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 2012 2011

Assets

Investments, at fair value (Note 4)	\$ 99,754,427	\$ 95,580,032
Cash	3,052,898	3,816,673
Interest receivable	<u>39,767</u>	<u>40,807</u>
	<u>102,847,092</u>	<u>99,437,512</u>

Liabilities

Dividend payable and accruals	3,138,689	3,495,496
Amounts due to The Incorporated Synod of the Diocese of Toronto	<u>111,192</u>	<u>530,410</u>
	<u>3,249,881</u>	<u>4,025,906</u>

Net assets

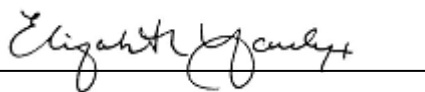
	\$ <u>99,597,211</u>	\$ <u>95,411,606</u>
--	-----------------------------	-----------------------------

Represented by:

Parish funds	\$ 44,919,659	\$ 41,021,247
Anglican Diocese of Toronto Foundation funds	-	6,820,850
Diocesan funds	<u>54,677,552</u>	<u>47,569,509</u>
	<u>\$ 99,597,211</u>	<u>\$ 95,411,606</u>

On behalf of the Diocesan Council





See accompanying notes to the financial statements.

**The Consolidated Trust Fund
of The Incorporated Synod of the Diocese of Toronto
Statement of Cash Flows**

Year Ended December 31

2012

2011

Operating

Net gain (loss)	\$ 8,003,991	\$ (819,233)
Change in non-cash working capital:		
Dividend payable and accruals	(356,807)	(8,489)
Amount due to The Incorporated Synod of the Diocese of Toronto	<u>(419,218)</u>	<u>486,907</u>
	<u>7,227,966</u>	<u>(340,815)</u>

Investing

Contributions received to purchase units	10,357,213	7,865,100
Redemption amounts paid on cancellation of units	(10,028,724)	(5,153,604)
Distributions to unit holders	(4,146,875)	(4,250,471)
(Purchase) sale of investments - net	(4,174,395)	4,034,050
Interest receivable	<u>1,040</u>	<u>40,129</u>
	<u>(7,991,741)</u>	<u>2,535,204</u>

Net cash	(763,775)	2,194,389
Opening cash balance	<u>3,816,673</u>	<u>1,622,284</u>
Closing cash balance	\$ <u>3,052,898</u>	\$ <u>3,816,673</u>

See accompanying notes to the financial statements.

The Consolidated Trust Fund of The Incorporated Synod of the Diocese of Toronto Notes to the Financial Statements

December 31, 2012

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 The Incorporated Synod of the Diocese of Toronto as one undivided fund. By statute (1936) parishes and other church related bodies were permitted to invest in the Fund.

2. Summary of significant accounting policies

Basis of accounting

The Fund has prepared these financial statements in accordance with Canadian accounting standards for private enterprises (ASPE). ASPE are part of Canadian generally accepted accounting principles.

ASPE requires entities to select policies appropriate for their circumstances from policies provided in these standards. The following are the policies selected by the Fund and applied in these financial statements.

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 \$7.77 per unit, being 4.5% on a June 30, 2011 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 an accrual basis.

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

Notes to the Financial Statements

December 31, 2012

2. Summary of significant accounting policies (continued)

Investments

Investments are stated at fair value which has been determined by reference to the 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.

3. 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. The amount charged is set as a flat amount and forms part of the Diocese's budget approved by the Synod.

4. Investments

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

	<u>2012</u>	<u>%</u>	<u>2011</u>	<u>%</u>
Short term deposits	\$ 5,125,071	5	\$ 9,537,274	10
Bonds - Government of Canada	12,607,307	13	11,036,441	12
- Provinces of Canada	9,055,304	9	11,380,745	12
- Corporations	10,285,474	10	8,632,135	9
Stocks	60,165,236	60	54,849,979	57
Mutual Funds	<u>2,516,035</u>	<u>3</u>	<u>143,458</u>	<u>-</u>
	<u>\$ 99,754,427</u>	<u>100</u>	<u>\$ 95,580,032</u>	<u>100</u>

The Consolidated Trust Fund of The Incorporated Synod of the Diocese of Toronto Notes to the Financial Statements

December 31, 2012

5. 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.

Market risk

The Fund is exposed to market risk on its investments in equities quoted in an active market since changes in market prices could result in changes in the fair value of these instruments.

6. Continuity of units outstanding	<u>2012</u>	<u>2011</u>
Units, beginning of year	541,702	526,607
Subscriptions	57,120	43,889
Redemptions	<u>(56,310)</u>	<u>(28,794)</u>
Units, end of year	<u>542,512</u>	<u>541,702</u>