

FINANCIAL REPORT FOR 2012

Report to the Incorporated Synod of the Diocese of Toronto from the Treasurer

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Incorporated Synod of the Diocese of Toronto

Due to the change in accounting standards to Canadian accounting standards for not-for-profit organizations, the financial statements for the Incorporated Synod of the Diocese of Toronto now include 2 full years of the *Statement of Revenue and Expenses* and 3 full years of the *Statement of Financial Position* (also known as a balance sheet).

1. *Statement of Revenue and Expenses* (page 3) —The total excess of revenue over expenses is \$6,259,867 which is significantly higher than 2011 for the following reasons:

Revenue increased for the following reason:

- Capital appreciation —There was a market value increase on Consolidated Trust Fund (“CTF”) investments in 2012 of \$14.77 per unit compared to the significant capital depreciation experienced in 2011.

Expenses:

- Most expenses remained relatively stable compared to 2011.
 - Campaign costs—*Our Faith, Our Hope* (“OFOH”) costs were significantly lower in 2012 since the campaign was wrapped up in early 2012.
 - Decrease in fund disbursements—FaithWorks distributions and tithing from the Ministry Allocation Fund (“MAF”) were lower in 2012.
 - There was an increase in the amount of funds disbursed to parishes from the MAF; this line item is dependent on the grant requests that are approved by Diocesan Council.
2. *Statement of Changes in Fund Balances* (page 5)—The Total Unrestricted Fund has increased from \$28 million to \$29 million; the MAF is included.
 3. *Statement in Financial Position* (page 7)—The assets have increased significantly mainly due to the increase in cash as a result of the OFOH campaign and an increase in investments (CTF). Liabilities have increased in 2012 due to holding funds for the Grace Church in Scarborough building project.
 4. *Statement of Cash Flows*—Cash has increased as a result of the OFOH campaign and the sale of former church properties during 2012.

The Consolidated Trust Fund of the Diocese of Toronto

1. *Statement of Earnings*—The net gain on the fund for 2012 was \$8,003,991, an approximate increase of 8.2% after fees. The Investment Committee utilizes the services of Pavilion whose B&C Balanced Benchmark produced an 8.2% return. Two of the three managers performed above this benchmark.
2. *Statement of Changes in Net Assets*—The value per unit at the end of the year has increased to \$183.58. The unit value has not yet returned to the 2007 value of \$210.32.
3. *Statement of Net Assets*—About half (44%) of the Fund is invested on behalf of parishes. The investments are reviewed on a quarterly basis by the Investment Committee of the Diocese. The investments are currently at a 63/37 split between equities and bonds, which is in line with the *Statement of Investment Policy and Procedures*.

The Cemetery Fund of the Diocese of Toronto

1. *Statement of Earnings* – The net gain on the fund for the year was \$756,229, an approximate 5.8% return. The benchmark produced a 5.03% return.
2. *Statement of Changes in Net Assets* – The value per unit at the end of the year has increased to \$143.34. The 2007 unit value was \$142.46.
3. *Statement of Net Assets* – 100% of the Fund is invested on behalf of parishes with cemeteries. The investments are reviewed on a quarterly basis by the Investment Committee of the Diocese. The investments are currently at a 48/52 split between equities and bonds, which is in line with the Investment Policy.