



Financial Statements

The Cemetery Fund of The Incorporated Synod of the
Diocese of Toronto

December 31, 2018

DRAFT

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Independent Auditor's Report

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To the Unitholders of
The Cemetery Fund of The Incorporated Synod of the Diocese of Toronto

Opinion

We have audited the financial statements of The Cemetery Fund of The Incorporated Synod of the Diocese of Toronto (the "Fund"), which comprise the statement of net assets as at December 31, 2018, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Fund as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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 are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 Fund'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 Fund'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 Fund 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.

Toronto, Canada
May XX, 2019

Chartered Professional Accountants
Licensed Public Accountants

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**The Cemetery Fund
of The Incorporated Synod of the Diocese of Toronto
Statement of Earnings**

Year Ended December 31 2018 2017

Revenue		
Interest and dividends	<u>\$ 377,567</u>	<u>\$ 368,261</u>
Expenses		
Investment counsel fees	42,314	41,115
Administration expenses - Diocese (Note 3)	10,000	7,257
Other	<u>39</u>	<u>33</u>
	<u>52,353</u>	<u>48,405</u>
Net investment earnings	325,214	319,856
Capital appreciation (depreciation)	<u>(493,603)</u>	<u>254,005</u>
Net earnings (loss)	<u>\$ (168,389)</u>	<u>\$ 573,861</u>
Average number of units outstanding (Note 6)	<u>75,081</u>	<u>73,057</u>
Net earnings (loss) per unit	<u>\$ (2.24)</u>	<u>\$ 7.85</u>

The Cemetery Fund of The Incorporated Synod of the Diocese of Toronto Statement of Changes in Net Assets

Year Ended December 31	2018	2017
Net assets, beginning of year	<u>\$ 11,771,110</u>	<u>\$ 11,354,765</u>
Net earnings (loss)	<u>(168,389)</u>	<u>573,861</u>
Unit transactions		
Contributions received to purchase units	372,814	351,615
Redemption of units	<u>(55,693)</u>	<u>(32,169)</u>
	<u>317,121</u>	<u>319,446</u>
Distributions to unit holders		
Net investment income	(325,214)	(319,856)
Distribution from capital	<u>(23,595)</u>	<u>(157,106)</u>
	<u>(348,809)</u>	<u>(476,962)</u>
Net assets, end of year	<u>\$ 11,571,033</u>	<u>\$ 11,771,110</u>
Number of units outstanding, end of year (Note 6)	<u>76,097</u>	<u>74,066</u>
Net assets, end of year per unit	<u>\$ 152.06</u>	<u>\$ 158.93</u>
Distribution per unit ¹	<u>\$ 4.68</u>	<u>\$ 6.56</u>

¹Distributions are determined on a quarterly basis, based on the number of units on hand at the beginning of the quarter

**The Cemetery Fund
of The Incorporated Synod of the Diocese of Toronto
Statement of Net Assets**

December 31 2018 2017

Assets

Cash	\$ 272,748	\$ 109,764
Accounts receivable	73,159	47,876
Investments, at fair value (Note 4)	<u>11,251,835</u>	<u>11,626,011</u>
	11,597,742	11,783,651

Liabilities

Accounts payable and accrued liabilities	<u>26,709</u>	<u>12,541</u>
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Net assets

Funds held for parishes (Note 7)	<u>\$ 11,571,033</u>	<u>\$ 11,771,110</u>
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On behalf of the Diocesan Council

The Cemetery Fund of The Incorporated Synod of the Diocese of Toronto Statement of Cash Flows

Year Ended December 31	2018	2017
Operating activities		
Net earnings (loss)	\$ (168,389)	\$ 573,861
Item not affecting cash		
Capital depreciation (appreciation)	<u>493,603</u>	<u>(254,005)</u>
	325,214	319,856
Change in non-cash working capital:		
Accounts receivable	(25,283)	(47,876)
Accounts payable and accrued liabilities	<u>14,168</u>	<u>1,165</u>
	<u>314,099</u>	<u>273,145</u>
Investing activities		
Contributions received to purchase units	372,814	351,615
Redemption of units	(55,693)	(32,169)
Distributions to unit holders	(348,809)	(476,962)
Purchase of investments - net	<u>(119,427)</u>	<u>(283,728)</u>
	<u>(151,115)</u>	<u>(441,244)</u>
Net change in cash	162,984	(168,099)
Cash, beginning of year	<u>109,764</u>	<u>277,863</u>
Cash, end of year	<u>\$ 272,748</u>	<u>\$ 109,764</u>

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

December 31, 2018

1. Purpose

The Cemetery Fund of The Incorporated Synod of the Diocese of Toronto (the "Fund") was created by The Incorporated Synod of the Diocese of Toronto (the "Diocese") as of October 1, 1993 to provide a trust fund meeting the requirements of the Funeral, Burial and Cremations Act, 2002 (formerly The Cemeteries Act) to hold cemetery care and maintenance funds for cemeteries of parishes in the Diocese of Toronto. Under the terms of a trust agreement made by the Synod dated July 27, 1993, Scotiatrust is the trustee of the funds.

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. Accounting standards for private enterprises are part of Canadian generally accepted accounting principles.

Accounting standards for private enterprises 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.

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.

Financial instruments

The Fund considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Fund's financial instruments comprise cash, accounts receivable, investments, and accounts payable.

Financial assets and liabilities obtained in arm's length transactions are initially recorded at their fair value and financial assets and liabilities obtained in related party transactions are initially measured at their exchange amount. The Fund subsequently measures all of its financial assets and liabilities at amortized cost, except for cash and investments in stocks, which are measured at fair value. Investments at fair value are determined by reference to the last bid price of the investments.

Revenue and expense recognition

Revenue and expenses are recorded on an accrual basis.

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

December 31, 2018

2. Summary of significant accounting policies (continued)

Foreign currency translation

The Fund translates transactions denominated in foreign currencies at the exchange rates at the date of the statement of net assets for monetary assets and liabilities, and the average exchange rates during the year for revenue and expenses. Unrealized translation gains and losses are recognized as capital appreciation (depreciation) in the statement of earnings.

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 set at the rate of \$4.68 (2017 - \$6.56) per unit, representing a 3% return on investments on June 30, 2018 based on a three 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 distribution is allocated to unitholders quarterly, pro-rata based on the number of units held at the beginning of the quarter.

Investments

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

3. Administration expenses – Diocese

The Diocese provides accounting services and administrative oversight to the Fund and charges these costs to the Fund. The amount charged is set as a flat amount and forms part of the Diocesan budget approved by the Synod.

The Cemetery Fund of The Incorporated Synod of the Diocese of Toronto

Notes to the Financial Statements

December 31, 2018

4. Investments

Investments in stocks are carried at fair value which results in capital gains or losses being allocated to unitholders. Details of investment assets by type are as follows:

	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Short term deposits	\$ 797,500	7	\$ 381,200	3
Bonds - Government of Canada	204,356	2	310,747	3
- Provinces of Canada	501,197	4	507,886	4
- Corporations	3,761,649	33	4,132,913	36
Stocks	<u>5,987,133</u>	<u>54</u>	<u>6,293,265</u>	<u>54</u>
	<u>\$ 11,251,835</u>	<u>100</u>	<u>\$ 11,626,011</u>	<u>100</u>

5. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extended risk related to financial instruments.

Interest rate risk

The Fund's earnings are exposed to the 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.

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.

Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in the rate of exchange between Canadian and foreign currencies. It is management's opinion that the Fund is not exposed to significant currency risk arising from its financial instruments as management has developed an investment policy to ensure the portfolio meets specific requirements to limit such risk.

Credit risk

The Fund is subject to credit risk through accounts receivable and investments in fixed income securities. It is management's opinion that the Fund is not exposed to significant credit risk arising from its financial instruments as management has developed an investment policy to ensure the portfolio meets specific requirements to limit such risk.

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

December 31, 2018

6. Continuity of units outstanding

	<u>2018</u>	<u>2017</u>
Units, beginning of year	74,066	72,048
Subscriptions	2,397	2,221
Redemptions	<u>(366)</u>	<u>(203)</u>
Units, end of year	<u>76,097</u>	<u>74,066</u>
Average units	<u>75,081</u>	<u>73,057</u>

7. Funds held for parishes

		<u>2018</u>	<u>2017</u>
All Saints, Collingwood	Care and maintenance	\$ 101,248	\$ 103,360
All Saints, Collingwood	Monument	19,820	20,408
All Saints, King City	Care and maintenance	6,440	6,530
All Saints, Kingsway	Care and maintenance	16,708	17,463
Christ Church, Banda	Care and maintenance	18,247	19,071
Christ Church, Batteau	Care and maintenance	75,724	79,148
Christ Church, Campbellford	Care and maintenance	21,545	22,262
Christ Church, Campbellford	Monument	925	966
Christ Church, Campbellford	Pre-need	5,065	5,136
Christ Church, Holland Landing	Care and maintenance	87,776	91,508
Christ Church, Holland Landing	Monument	1,061	1,110
Christ Church, Ivy	Care and maintenance	16,653	17,406
Christ Church, Mimico	Care and maintenance	213,627	209,099
Christ Church, Roche's Point	Care and maintenance	289,400	295,095
Christ Church, Roche's Point	Monument	3,473	3,471
Christ Church, Woodbridge	Care and maintenance	56,849	56,853
Good Shepherd, Wyebridge	Care and maintenance	26,201	27,385
Good Shepherd, Wyebridge	Monument	7,137	7,239
Grace Church, Markham	Care and maintenance	51,706	52,367
Grace Church, Markham	Monument	6,190	6,100
Holy Trinity, Thornhill	Care and maintenance	96,411	100,559
Middleton St. Clair	Care and maintenance	5,250	5,326
Middleton St. Clair	Pre-need	3,481	3,530
Redeemer Duntroon	Care and maintenance	87,922	91,895
Redeemer Duntroon	Monument	512	478
St. Alban, Janetville	Care and maintenance	32,593	34,066
St. Alban, Lloydtown	Care and maintenance	55,271	57,481
St. Alban, Lloydtown	Monument	3,712	3,879
St. Clement Eglinton	Care and maintenance	30,962	30,931
St. David, Everett	Care and maintenance	34,162	35,566
St. George, Apsley	Care and maintenance	20,088	20,996
St. George, Apsley	Monument	3,873	3,943
St. George, Barrie	Care and maintenance	27,188	28,211

The Cemetery Fund of The Incorporated Synod of the Diocese of Toronto

Notes to the Financial Statements

December 31, 2018

7. Funds held for parishes (continued)

		<u>2018</u>	<u>2017</u>
St. George, Cooper's Falls	Care and maintenance	14,845	15,359
St. George, Cooper's Falls	Monument	2,970	2,894
St. George, Fairvalley	Care and maintenance	60,967	63,722
St. George, Fairvalley	Monument	8,837	9,237
St. George, Georgina	Care and maintenance	88,735	90,718
St. George, Gore's Landing	Care and maintenance	17,147	17,922
St. George, Gore's Landing	Monument	1,332	1,392
St. George, Grafton	Care and maintenance	31,617	32,196
St. George, Grafton	Monument	4,264	4,300
St. George, Oshawa	Care and maintenance	18,858	19,710
St. George, Pickering Village	Care and maintenance	28,088	29,053
St. George, Pickering Village	Monument	2,953	2,984
St. James, Caledon East	Care and maintenance	10,586	11,064
St. James, Penetanguishene	Care and maintenance	155,527	160,457
St. James, Penetanguishene	Monument	16,174	16,339
St. James, Roseneath	Care and maintenance	12,332	12,530
St. James, Sutton West	Care and maintenance	13,363	13,966
St. James, West Brock	Care and maintenance	31,717	32,607
St. John, Blackstock	Care and maintenance	35,817	37,435
St. John, Blackstock	Monument	4,191	4,053
St. John, Cookstown	Care and maintenance	45,101	46,431
St. John, Craighurst	Care and maintenance	130,812	116,010
St. John, East Orangeville	Care and maintenance	174,998	180,690
St. John, East Orangeville	Monument	15,685	15,983
St. John, Ida	Care and maintenance	80,840	82,914
St. John, Ida	Monument	10,235	9,887
St. John, Matchedash	Care and maintenance	29,251	30,573
St. John, Matchedash	Monument	5,944	6,111
St. John, Norway	Care and maintenance	2,821,470	2,850,576
St. John, Norway	Monument	116,844	120,129
St. John, Norway	Pre-need	1,023,505	1,017,711
St. John, Oak Ridges	Care and maintenance	45,320	47,368
St. John, Tecumseth	Care and maintenance	65,395	68,350
St. John, Tecumseth	Monument	6,642	6,419
St. John, Waverley	Care and maintenance	19,758	20,651
St. John, Waverley	Monument	2,469	2,504
St. John, Whitby	Care and maintenance	63,655	66,532
St. John, Whitby	Monument	6,733	6,986
St. John, York Mills	Care and maintenance	340,805	342,576
St. John, York Mills	Monument	14,553	14,804
St. Jude, Wexford	Care and maintenance	107,769	93,445
St. Jude, Wexford	Monument	4,740	4,536
St. Luke, Hamlet	Care and maintenance	58,389	60,734
St. Luke, Hamlet	Investment	60,736	59,709
St. Luke, Hamlet	Monument	3,811	3,877

The Cemetery Fund of The Incorporated Synod of the Diocese of Toronto

Notes to the Financial Statements

December 31, 2018

7. Funds held for parishes (continued)

		<u>2018</u>	<u>2017</u>
St. Luke, Dixie South	Care and maintenance	8,316	8,692
St. Margaret, West Hill	Care and maintenance	1,439,087	1,461,721
St. Mark, East Oro	Care and maintenance	10,087	10,440
St. Mark, Midland	Care and maintenance	92,121	95,657
St. Mark, Midland	Monument	15,002	15,314
St. Mark, Otonabee	Care and maintenance	42,690	44,619
St. Mark, Otonabee	Monument	1,233	1,185
St. Mark, Port Hope	Care and maintenance	6,718	6,270
St. Mary, Lifford	Care and maintenance	86,839	90,764
St. Michael, Westwood	Care and maintenance	2,117	2,212
St. Paul, L'Amoreaux	Care and maintenance	47,502	49,382
St. Paul, L'Amoreaux	Monument	5,031	6,198
St. Paul, Cavan	Care and maintenance	25,302	26,445
St. Paul, Cavan	Monument	1,241	1,297
St. Paul, Columbus	Care and maintenance	54,203	55,413
St. Paul, Columbus	Monument	1,791	1,570
St. Paul, Coulson Hill	Care and maintenance	74,611	76,929
St. Paul, Innisfil	Care and maintenance	288,822	296,553
St. Paul, Innisfil	Monument	31,448	32,364
St. Paul, Lasswade	Care and maintenance	442	462
St. Paul, Newmarket	Care and maintenance	5,673	5,930
St. Paul, Washago	Care and maintenance	40,413	40,518
St. Paul, Washago	Investment	15,986	15,354
St. Paul, Washago	Monument	9,529	9,353
St. Peter, Erindale	Care and maintenance	132,311	135,602
St. Peter, Churchill	Care and maintenance	31,101	32,188
St. Peter, Churchill	Monument	1,399	1,462
St. Peter, Cobourg	Care and maintenance	325,951	335,168
St. Peter, Maple Lake	Care and maintenance	-	41,220
St. Philip, Etobicoke	Care and maintenance	1,180,084	1,198,129
St. Philip, Etobicoke	Monument	36,525	38,176
St. Philip, Etobicoke	Pre-need	92,270	96,441
St. Philip, Unionville	Care and maintenance	85,136	83,402
St. Philip, Unionville	Monument	3,345	2,935
St. Thomas, Shanty Bay	Care and maintenance	66,410	67,573
Trinity, Port Credit	Care and maintenance	38,136	39,859
Trinity, Streetsville	Care and maintenance	8,745	8,599
Trinity, Colborne	Care and maintenance	22,419	23,432
		<u>\$ 11,571,033</u>	<u>\$ 11,771,110</u>