



## Financial Statements

The Incorporated Synod of the Diocese of  
Toronto

December 31, 2023

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# Independent Auditor's Report

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To the Members of  
The Incorporated Synod of the Diocese of Toronto

## Opinion

We have audited the financial statements of The Incorporated Synod of the Diocese of Toronto (the "Diocese"), which comprise the statement of financial position as at December 31, 2023, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Diocese as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

## 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 Diocese 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.

## Other Matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedule is presented for the purposes of additional information and has been subjected to the auditing procedures applied only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

## 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 ASNPO, 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 Diocese'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 Diocese or to cease operations, or has no realistic alternative but to do so.

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

*Grant Thornton LLP*

Toronto, Canada  
May 30, 2024

Chartered Professional Accountants  
Licensed Public Accountants

# The Incorporated Synod of the Diocese of Toronto

## Statement of Financial Position

As at December 31

	Unrestricted Funds	Capital Asset Fund	Restricted Funds	Endowment Funds	Total 2023	Total 2022
<b>Assets</b>						
<b>Current</b>						
Cash	\$ 1,362,736	\$ -	\$ 2,445,169	\$ -	\$ 3,807,905	\$ 5,716,411
Receivables – parishes	464,347	-	-	-	464,347	445,125
– loans (Note 3)	1,298,184	-	34,604	-	1,332,788	247,417
– other	1,363,082	-	275,674	-	1,638,756	1,392,624
Prepaid expenses	22,119	-	-	-	22,119	9,095
	<u>4,510,468</u>	<u>-</u>	<u>2,755,447</u>	<u>-</u>	<u>7,265,915</u>	<u>7,810,672</u>
Loans receivable (Note 3)	6,443,050	-	828,357	-	7,271,407	8,316,197
Investments in the Consolidated Trust Fund (Note 4)	132,031,075	-	24,276,486	34,247,853	190,555,414	171,995,601
Investments – other (Note 5)	7,177,635	-	3,629,676	-	10,807,311	6,607,938
Capital assets and properties (Note 6)	744,000	717,021	-	-	1,461,021	3,826,810
Other property (Note 7)	-	-	-	-	-	-
	<u>\$ 150,906,228</u>	<u>\$ 717,021</u>	<u>\$ 31,489,966</u>	<u>\$ 34,247,853</u>	<u>\$ 217,361,068</u>	<u>\$ 198,557,218</u>
<b>Liabilities</b>						
<b>Current</b>						
Accounts payable and accrued liabilities (Note 8)	\$ 10,536,242	\$ -	\$ -	\$ -	\$ 10,536,242	\$ 6,426,694
Distributions payable	-	-	1,179,600	-	1,179,600	1,171,183
	<u>10,536,242</u>	<u>-</u>	<u>1,179,600</u>	<u>-</u>	<u>11,715,842</u>	<u>7,597,877</u>
Deferred benefit liability (Note 9)	-	-	8,321,900	-	8,321,900	7,831,000
Parish Consolidated Trust Fund liabilities (Note 4)	90,992,894	-	-	-	90,992,894	85,513,326
	<u>101,529,136</u>	<u>-</u>	<u>9,501,500</u>	<u>-</u>	<u>111,030,636</u>	<u>100,942,203</u>
<b>Fund balances</b>						
Unrestricted	49,377,092	717,021	-	-	50,094,113	46,621,059
Internally restricted (Note 10)	-	-	21,210,426	82,336	21,292,762	19,140,532
Externally restricted	-	-	778,040	17,041,486	17,819,526	14,729,393
Endowment	-	-	-	17,124,031	17,124,031	17,124,031
	<u>49,377,092</u>	<u>717,021</u>	<u>21,988,466</u>	<u>34,247,853</u>	<u>106,330,432</u>	<u>97,615,015</u>
	<u>\$ 150,906,228</u>	<u>\$ 717,021</u>	<u>\$ 31,489,966</u>	<u>\$ 34,247,853</u>	<u>\$ 217,361,068</u>	<u>\$ 198,557,218</u>

Commitments (Note 17)

On behalf of the Synod Council

+ *Adew Toronto*



See accompanying notes and schedule to the financial statements

# The Incorporated Synod of the Diocese of Toronto

## Statement of Revenue and Expenses

Year ended December 31

	Unrestricted Funds	Capital Asset Fund	Restricted Funds	Endowment Funds	Total 2023	Total 2022
<b>Revenue</b>						
Parishes	\$ 5,625,034	\$ -	\$ -	\$ -	\$ 5,625,034	\$ 5,184,208
Fees and donations	697,539	-	-	-	697,539	663,182
Donations – Faithworks (Note 11)	-	-	1,454,212	-	1,454,212	1,318,823
Donations – Our Faith Our Hope Capital Campaign	-	-	880	-	880	1,365
Investment income	1,493,817	-	1,083,669	1,164,337	3,741,823	3,475,024
Other income	1,809,330	-	1,992,310	-	3,801,640	2,148,709
	<u>9,625,720</u>	<u>-</u>	<u>4,531,071</u>	<u>1,164,337</u>	<u>15,321,128</u>	<u>12,791,311</u>
<b>Expenses (Note 13)</b>						
Church growth and development	2,051,601	-	233,938	-	2,285,539	2,008,540
Corporate governance and support services	2,274,621	-	-	-	2,274,621	2,065,295
The Wider Church	1,646,646	-	-	-	1,646,646	1,635,451
Episcopal care and leadership	1,509,092	-	-	-	1,509,092	1,346,847
Supporting ordained and lay leaders	1,143,629	-	-	-	1,143,629	947,672
Church and society	155,685	-	-	-	155,685	104,778
Campaign costs – Faithworks (Note 11)	-	-	174,400	-	174,400	173,396
Campaign costs – Our Faith Our Hope Capital Campaign	-	-	728	-	728	355
Fund disbursements – Faithworks (Note 11)	-	-	1,186,061	-	1,186,061	1,172,716
Fund disbursements – Our Faith Our Hope Capital Campaign	-	-	384,145	-	384,145	348,133
Amortization of capital assets	-	68,422	-	-	68,422	82,644
	<u>8,781,274</u>	<u>68,422</u>	<u>1,979,272</u>	<u>-</u>	<u>10,828,968</u>	<u>9,885,827</u>
Excess (deficiency) of revenue over expenses before other items	<u>844,446</u>	<u>(68,422)</u>	<u>2,551,799</u>	<u>1,164,337</u>	<u>4,492,160</u>	<u>2,905,484</u>
Capital appreciation (depreciation)	3,299,044	-	1,912,179	2,738,080	7,949,303	(7,849,606)
Property (loss) revenue (Note 6b)	(468,430)	-	-	-	(468,430)	3,917,715
Post retirement benefits (Note 9)	-	-	(145,300)	-	(145,300)	(180,400)
Fund disbursements – other	(213,135)	-	(96,520)	(640,599)	(950,254)	(758,720)
Parish support (Note 14)	(1,816,462)	-	-	-	(1,816,462)	(1,283,726)
	<u>801,017</u>	<u>-</u>	<u>1,670,359</u>	<u>2,097,481</u>	<u>4,568,857</u>	<u>(6,154,737)</u>
Excess (deficiency) of revenue over expenses	<u>\$ 1,645,463</u>	<u>\$ (68,422)</u>	<u>\$ 4,222,158</u>	<u>\$ 3,261,818</u>	<u>\$ 9,061,017</u>	<u>\$ (3,249,253)</u>

See accompanying notes and schedule to the financial statements

# The Incorporated Synod of the Diocese of Toronto

## Statement of Changes in Fund Balances

Year ended December 31

	Unrestricted Funds	Capital Asset Fund	Restricted Funds		Endowment Funds	Total 2023	Total 2022
			Internally Restricted Fund	Externally Restricted Fund			
Fund balances, beginning of year	\$ 45,921,249	\$ 699,810	\$ 19,067,328	\$ 714,157	\$ 31,212,471	\$ 97,615,015	\$ 98,374,168
Excess (deficiency) of revenue over expenses	1,645,463	(68,422)	4,158,275	63,883	3,261,818	9,061,017	(3,249,253)
Retirement benefits remeasurements and other items (Note 15)	-	-	(345,600)	-	-	(345,600)	2,490,100
Interfund transfers (Note 16)	1,810,380	85,633	(1,669,577)	-	(226,436)	-	-
Fund balances, end of year	<u>\$ 49,377,092</u>	<u>\$ 717,021</u>	<u>\$ 21,210,426</u>	<u>\$ 778,040</u>	<u>\$ 34,247,853</u>	<u>\$ 106,330,432</u>	<u>\$ 97,615,015</u>
<b>Fund balances, end of year</b>							
Unrestricted	\$ 49,377,092	\$ 717,021	\$ -	\$ -	\$ -	\$ 50,094,113	\$ 46,621,059
Internally restricted	-	-	21,210,426	-	82,336	21,292,762	19,140,532
Externally restricted	-	-	-	778,040	17,041,486	17,819,526	14,729,393
Endowment	-	-	-	-	17,124,031	17,124,031	17,124,031
	<u>\$ 49,377,092</u>	<u>\$ 717,021</u>	<u>\$ 21,210,426</u>	<u>\$ 778,040</u>	<u>\$ 34,247,853</u>	<u>\$ 106,330,432</u>	<u>\$ 97,615,015</u>

# The Incorporated Synod of the Diocese of Toronto

## Statement of Cash Flows

Year ended December 31

	Unrestricted Funds	Capital Asset Fund	Restricted Funds	Endowment Funds	<b>Total 2023</b>	Total 2022
Increase (decrease) in cash						
<b>Operating activities</b>						
Excess (deficiency) of revenue over expenses	\$ 1,645,463	\$ (68,422)	\$ 4,222,158	\$ 3,261,818	\$ 9,061,017	\$ (3,249,253)
Add (deduct):						
Capital (appreciation) depreciation	(3,299,044)	-	(1,912,179)	(2,738,080)	(7,949,303)	7,849,606
Unrealized losses (gains) on assets held for sale	412,903	-	-	-	412,903	(3,127,000)
Non-cash portion of deferred benefit liability	-	-	511,800	-	511,800	565,400
Amortization of capital assets	-	68,422	-	-	68,422	82,644
	<u>(1,240,678)</u>	<u>-</u>	<u>2,821,779</u>	<u>523,738</u>	<u>2,104,839</u>	<u>2,121,397</u>
Change in non-cash working capital (Page 7)	<u>4,180,924</u>	<u>-</u>	<u>(341,337)</u>	<u>-</u>	<u>3,839,587</u>	<u>1,475,900</u>
	<u>2,940,246</u>	<u>-</u>	<u>2,480,442</u>	<u>523,738</u>	<u>5,944,426</u>	<u>3,597,297</u>
<b>Financing activity</b>						
Interfund transfers	<u>1,810,380</u>	<u>85,633</u>	<u>(1,669,577)</u>	<u>(226,436)</u>	<u>-</u>	<u>-</u>
<b>Investing activities</b>						
(Increase) decrease in investments (net)	(8,260,237)	-	(772,776)	(297,302)	(9,330,315)	129,163
(Increase) decrease in loans receivable (net)	(74,503)	-	33,922	-	(40,581)	(2,153,403)
Purchase of capital assets	-	(85,633)	-	-	(85,633)	(133,953)
Proceeds from sale of assets held for sale	1,970,097	-	-	-	1,970,097	-
Pension benefits paid (Note 9)	-	-	(366,500)	-	(366,500)	(385,000)
	<u>(6,364,643)</u>	<u>(85,633)</u>	<u>(1,105,354)</u>	<u>(297,302)</u>	<u>(7,852,932)</u>	<u>(2,543,193)</u>
Net increase in cash	(1,614,017)	-	(294,489)	-	(1,908,506)	1,054,104
Cash, beginning of year	<u>2,976,753</u>	<u>-</u>	<u>2,739,658</u>	<u>-</u>	<u>5,716,411</u>	<u>4,662,307</u>
Cash, end of year	<u>\$ 1,362,736</u>	<u>\$ -</u>	<u>\$ 2,445,169</u>	<u>\$ -</u>	<u>\$ 3,807,905</u>	<u>\$ 5,716,411</u>



# The Incorporated Synod of the Diocese of Toronto

## Statement of Cash Flows (continued)

Year ended December 31

	Unrestricted Funds	Capital Asset Fund	Restricted Funds	Endowment Funds	<b>Total 2023</b>	Total 2022
Change in non-cash working capital						
Parish and other receivables	\$ (390,600)	\$ -	\$ 125,246	\$ -	\$ (265,354)	\$ 39,082
Prepaid expenses	(13,024)	-	-	-	(13,024)	(9,095)
Accounts payables and accrued liabilities	4,584,548	-	(475,000)	-	4,109,548	1,460,433
Distributions payable	-	-	8,417	-	8,417	(14,520)
	<u>\$ 4,180,924</u>	<u>\$ -</u>	<u>\$ (341,337)</u>	<u>\$ -</u>	<u>\$ 3,839,587</u>	<u>\$ 1,475,900</u>
Additional cash flow information						
Remeasurements and other items	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 345,600</u>	<u>\$ -</u>	<u>\$ 345,600</u>	<u>\$ (2,490,100)</u>

See accompanying notes and schedule to the financial statements

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

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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” (the “Diocese”). The Diocese is a registered charitable organization and is exempt from income tax.

The mission of the Diocese is to build healthy, missional Anglican communities that engage faithfully with the world and share the gospel of Jesus Christ.

The 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, the granting of assistance where necessary to those preparing for the ministry, the circulation of the bible and prayer books in the Diocese, the obtaining and granting of aid towards the erection, endowment and maintenance of churches, and the orderly management of property, affairs and interests of the Church.

Related parties to the Diocese include The Cemetery Fund of The Incorporated Synod of the Diocese of Toronto (“The Cemetery Fund”), The Anglican Diocese of Toronto Foundation (“ADTF”) and the parishes of the Diocese.

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### 2. Summary of significant accounting policies

#### Basis of accounting

The Diocese has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

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

#### Financial statements

The financial statements report the accounts of the Diocese including funds managed in the Consolidated Trust Fund (the “Fund”), which acts as the investment arm of the Diocese and parishes. They do not include the assets, liabilities, revenue and expenses of the parishes other than what is held in the Fund on their behalf. It also does not include the assets of The Cemetery Fund or ADTF. Financial statements are prepared for The Cemetery Fund and ADTF separately as they are separate entities. The financial statements also do not include the affairs of any diocesan related organizations which are separately incorporated and controlled.

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

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

#### **Fund accounting**

The activities of the Diocese are accounted for utilizing the concepts of fund accounting.

#### Unrestricted Funds

Revenue and expenses for service delivery activities and administration are reported in the Unrestricted Funds.

Unrestricted investment funds and related investment income and expenditures are reported as Unrestricted Funds.

Former parish properties assumed by the Diocese are recognized as property in the Unrestricted Funds when the Synod Council ("Council") reaches a decision to sell the former parish property. The related contribution of the property is recognized at fair value as property revenue in the Unrestricted Funds.

#### Capital Asset Fund

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

#### Restricted Funds

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

Restricted Funds include FaithWorks and Our Faith Our Hope Capital Campaign donations. Revenue and expenses incurred in raising revenue and distributions to participants for the Faithworks campaign is disclosed in Note 11.

Restricted Funds also include the accumulated remeasurements and other items (actuarial gains and losses, past service costs and gains or losses from curtailments or settlements) related to the retirement health care benefit plan. This is internally restricted as the funding for the retirement health care benefit plan is from Restricted Funds.

#### Endowment Funds

Endowment contributions, representing donations where external restrictions require the principal to be maintained in perpetuity, are recognized as revenue of the Endowment Funds. Related investment income is reported in the Endowment Funds.

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

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

#### Revenue recognition

The Diocese follows the restricted fund method of accounting for contributions. Donations are recorded when the amount can be reasonably estimated and collection is reasonably assured. Donations for the Our Faith Our Hope Capital Campaign are recognized on a cash basis due to the uncertainty of ultimate collection. Donor-restricted donations for endowment purposes are presented as revenue in the Endowment Funds. Other donor-restricted donations are recognized as revenue in the Restricted Funds. Unrestricted donations are recognized as revenue in the Unrestricted Funds.

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 or 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 Council. When Council reaches a decision to sell a former parish property, the fair value of the former parish property less any amount due to a parish is recognized as a contribution to the Ministry Allocation Fund (Unrestricted Funds).

Where any parish disposes of surplus real property, fifty per cent (50%) of the proceeds of the sale shall be designated as the Diocesan share at the time of sale. This percentage may be altered with Council approval. The Diocesan share from the disposition or the sale of any of the above is recognized as a contribution to the Ministry Allocation Fund.

In the event that the fair value is deemed to have declined, an allowance is recorded to reduce that value. Aside from a sale, properties would only be removed from the financial statements when Council approves the property to be allocated for parish work or outreach and not be sold.

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

Parishes revenue, investment income, capital appreciation and other income are recognized as earned.

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

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

#### Financial instruments

The Diocese considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Diocese's financial instruments comprise cash, parishes, loans and other receivables, investments, accounts payable and distributions payable.

Financial assets and liabilities obtained in arm's length transactions are initially measured at their fair value. The Diocese subsequently measures its arm's length financial assets and liabilities at amortized cost, except for investments, which are measured at fair value. Investments are stated at fair value which has been determined by reference to the last bid price of these investments.

Financial assets and liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Diocese does not have any financial assets or liabilities in related party transactions which are initially measured at fair value. Gains or losses arising on initial measurement differences are generally recognized in the statement of revenue and expenses when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and liabilities recognized in related party transactions are subsequently measured based on how the Diocese initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Diocese has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

#### Capital assets

As 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 other properties in Notes 7a and 7b.

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
Diocesan house - building	- 20 years, straight-line
Diocesan parking lot	- over building lease term
Other Diocesan buildings – renovations	- 10 years, straight-line

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of revenue and expenses. Any impairment recognized is not reversed.

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

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

#### Employee future benefits

##### Deferred benefit liability

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

- The cost of employee future benefits earned by clergy and employees are actuarially determined using the projected benefit method prorated on service and management's best estimate of the expected future health care costs and retirement ages of employees and the continuing of the employee future benefits program as currently supported by the Diocese.
- The current service cost and finance cost related to the plan are expensed in the statement of revenue and expenses each period.

##### 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. Accordingly, the information that would normally be required to be disclosed is not available. As a result, disclosure is limited to disclosing contributions to the plan. Contributions to the employee pension plan are made by clergy, parishes, employees and the Diocese.

#### Use of estimates

Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. These estimates are reviewed periodically and adjustments are made to assets, liabilities and excess (deficiency) of revenue over expenses as appropriate in the year they become known.

Significant items subject to estimates include the allowance for doubtful accounts, the useful lives of capital assets and properties, the fair value of parish properties and assumptions used in the calculation of employee future benefit obligations.

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### 3. Loans receivable

Loans receivable relate to loans to related parties, primarily parishes, bearing interest from zero to the prime rate of interest and having terms of repayment varying from on demand to periods not exceeding twenty-five years. The prime rate of interest is determined by reference to the Diocese's bank prime rate.

# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

### 4. 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 Diocese as one undivided fund. By statute (1936), parishes and other church related bodies are permitted to invest in the Fund.

The assets and liabilities of the Fund are as follows:

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash	\$ 1,275,530	\$ 707,675
Investments at fair value (Schedule 1)	<u>189,297,663</u>	<u>171,392,496</u>
	<u>190,573,193</u>	<u>172,100,171</u>
<b>Liabilities</b>		
Dividends payable	6,238,549	6,763,870
Due to (from) the Diocese	41,723	(2,316,303)
Accrued liabilities	<u>17,779</u>	<u>104,570</u>
	<u>6,298,051</u>	<u>4,552,137</u>
Net assets	184,275,142	167,548,034
<b>Elimination of liabilities related to the Diocese:</b>		
Dividends payable to Diocese and Parishes	6,238,549	6,763,870
Due to (from) the Diocese	<u>41,723</u>	<u>(2,316,303)</u>
	<u>6,280,272</u>	<u>4,447,567</u>
Adjusted net assets	<u>\$ 190,555,414</u>	<u>\$ 171,995,601</u>

Details of the Fund are contained in Schedule 1 to the financial statements.

	<u>2023</u>	<u>2022</u>
<b>Diocese:</b>		
Share of undistributed assets	\$ 93,631,601	\$ 82,321,909
Share of dividends payable	5,889,196	6,476,669
Due to (from) the Diocese	<u>41,723</u>	<u>(2,316,303)</u>
	<u>99,562,520</u>	<u>86,482,275</u>
<b>Parishes (not available for Diocesan use):</b>		
Share of undistributed assets	90,643,541	85,226,125
Share of dividends payable	<u>349,353</u>	<u>287,201</u>
	<u>90,992,894</u>	<u>85,513,326</u>
	<u>\$ 190,555,414</u>	<u>\$ 171,995,601</u>

# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

### 5. Investments - other

Investments – other are held as GICs with annual interest rates between 4.20% and 5.10% (2022 – 1.25% and 4.35%), maturing between January and December 2024 (2022 – January and November 2023). Investments – other are intended to be invested for the long-term and thus have been presented as long-term.

### 6. Capital assets and properties

#### a) Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Computer hardware	\$ 227,454	\$ 197,373	\$ 30,081	\$ 17,438
Computer software	57,611	57,611	-	-
Leasehold improvements	660,573	660,573	-	7,086
Diocesan centre renovations	1,821,361	1,756,354	65,007	24,838
Diocesan house – land	331,602	-	331,602	331,602
Diocesan house – building	191,834	43,163	148,671	158,263
Diocesan parking lot	175,048	106,974	68,074	77,799
Other Diocesan buildings – renovations	<u>91,982</u>	<u>18,396</u>	<u>73,586</u>	<u>82,784</u>
	<u>\$ 3,557,465</u>	<u>\$ 2,840,444</u>	<u>\$ 717,021</u>	<u>\$ 699,810</u>

In fiscal 2019, the Diocesan house was purchased as a See House for the Diocese. A contribution of \$1,700,000 from the Anglican Diocese of Toronto Foundation was received in order to assist in funding the purchase of the See House. The above represents the portion of the property owned by the Diocese.

#### b) Properties

During the year, two parishes properties were sold for which proceeds were received by the Diocese. In addition, two properties continue to be held for sale and were revalued based on the current fair market value. These transactions results in net property loss in the Unrestricted Funds of \$468,430 (2022 – revenue of \$3,917,715).

Properties are held as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 3,127,000	\$ -
Add: properties held for sale	-	3,127,000
Less: properties sold	(1,970,097)	-
Less: properties revalued	<u>(412,903)</u>	-
Balance, end of year	<u>\$ 744,000</u>	<u>\$ 3,127,000</u>



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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

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December 31, 2023

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### 7. Other property

- a) The Diocese owns the following other property assets which are not recorded in the financial statements. These properties are insured as follows as of December 31, 2023:

315 Dundas Street East, Toronto	\$ 6,385,150
323 Dundas Street East, Toronto	\$ 2,607,187
327 Dundas Street East, Toronto	\$ 1,508,341

The Diocesan Centre is situated on land that is leased by the Diocese from The Cathedral Church of St. James. Based on the agreement dated December 9, 2013, the land lease, which expired on March 31, 2005 was extended to March 31, 2030. The Diocese agrees to pay an annual base rent of \$30,000 for 2008 and thereafter, subject to an annual increase for inflation. This property is insured as follows as of December 31, 2023:

The Diocesan Centre located at 135 Adelaide Street East, Toronto	\$ 7,645,903
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- b) The Diocese owns land which is rented under a 99-year lease (commencing in 1983). 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 \$1,782,317 (2022 - \$1,384,920) has been recorded as other income of the Restricted Funds.

In addition, the Diocese owns undeveloped land on Columbus Road, Oshawa, and the Former St. Alban, Camilla which are not recorded in these financial statements.

- c) In accordance with the accounting policy for former parish properties managed by the Diocese, the following properties assumed by the Diocese have not been recorded as revenue or recognized in the statement of financial position:

- Trootie and Cameron Street, Cannington
- 10101, 10103 Keele Street, Maple
- 1311, 1315 Kipling Ave, Etobicoke
- 76 King Street East, Colborne
- 2516 11th Line, Bradford
- 188, 190 Carlton St., Toronto
- 3223 Upper Big Chute Rd., Coldwater
- 267 Hollywood Drive, Keswick
- 3515 King Street, Caledon
- 677002 Centre Road, Shelbourne
- 2723 St. Clair Ave. E, East York
- 1513 Dixie Road, Mississauga
- 13 Simmons Street, Colborne
- 1506 Larchview Trail, Mississauga
- 106 West Street, Warsaw, ON
- 9595 Queen Street, Harwood, ON
- 20, 22 Yonge Street North, Elmvale
- 8166 Hwy 93, Tiny
- 25 Wanless Ave, Toronto
- 885 Scarborough Golf Club Rd, Toronto

# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

### 8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$161,876 (2022 - \$588,941).

### 9. Deferred benefit liability

#### *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>2023</u>	<u>2022</u>
Expense for the year	<u>\$ 145,300</u>	<u>\$ 180,400</u>
Accrued benefit obligation	<u>\$ 8,321,900</u>	<u>\$ 7,831,000</u>
Market value of plan assets	<u>-</u>	<u>-</u>
Funded status before segregated restricted funds - plan deficit	<u>\$ 8,321,900</u>	<u>\$ 7,831,000</u>
Restricted funds segregated for retirement benefits	<u>\$ 17,474,574</u>	<u>\$ 15,459,839</u>
Other information:		
Benefits paid during the year	<u>\$ 366,500</u>	<u>\$ 385,000</u>

Significant actuarial assumptions are as follows:

Health care cost trend rates		
Health	4.0%	4.0%
Dental	4.0%	4.0%

A discount rate of 4.6% (2022 – 5.1%) was used to determine the deferred benefit liability as of December 31, 2023. A full valuation of the post-retirement benefits was performed as of December 31, 2022. The next valuation will be performed as of December 31, 2025.

#### *Employee pension plan*

The Diocese and its employees make contributions to the General Synod Pension Plan (the "Plan"), a multi-employer defined benefit pension plan administered by the Board of Trustees of the Plan which covers certain dioceses and other church institutions. The most recent valuation for financial reporting purposes completed by the Plan as of December 31, 2022 disclosed net assets available for benefits of \$1,044 million with pension obligations of \$831 million, resulting in a surplus of \$213 million.

The Diocese's share of contributions made to the pension plan amounted to \$370,974 (2022 - \$369,646).

# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

### 10. Internally restricted funds

Internally restricted funds consist of the following:

<u>Restricted Funds</u>	<u>2023</u>	<u>2022</u>
Funds for retirement benefits	\$ 2,713,030	\$ 2,513,373
Funds for retirement allowances	10,682,578	8,476,217
Funds for other strategic purposes	3,579,079	3,620,036
Funds for Bishops Company	257,822	281,027
Funds for Our Faith Our Hope	<u>3,977,917</u>	<u>4,176,675</u>
	<b>21,210,426</b>	19,067,328
 <u>Endowment Funds</u>		
Funds for other strategic purposes	<u>82,336</u>	<u>73,204</u>
	<b>\$ 21,292,762</b>	<b>\$ 19,140,532</b>

### 11. FaithWorks

FaithWorks activity during the year was as follows:

<b>Revenue</b>	<u>2023</u>	<u>2022</u>
Donations - Other	\$ 363,334	\$ 382,891
- Parishioners	578,398	611,028
- Foundation	407,480	220,462
- Corporate campaign	<u>105,000</u>	<u>104,442</u>
	<b>1,454,212</b>	1,318,823
 Interest income	<u>45,803</u>	<u>7,715</u>
	<b>\$ 1,500,015</b>	<b>\$ 1,326,538</b>

# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

### 11. FaithWorks (continued)

	<u>2023</u>	<u>2022</u>
<b>Distributions</b>		
All Saints Church Community Centre	\$ 298,000	\$ 319,115
Flemingdon Park Ministries	185,000	165,000
Primates World Relief and Development Fund	135,000	135,000
Anglican United Refugee Alliance	80,000	70,000
TUNM (Toronto Urban Native Ministry)	71,239	65,365
The Dam	70,000	75,000
One City Peterborough	45,000	35,000
Area grants	42,050	43,145
Samaritan House	40,000	38,900
Couchiching Jubilee House	30,000	30,000
North House	30,000	30,000
Migrant Worker Ministry	30,000	20,000
St. James Cathedral Food Clinic	30,000	-
Parish retainers	26,100	22,427
St. Stephen in the fields outreach	25,000	-
Philip Aziz Centre	20,000	20,000
A Place Called Home	18,000	15,000
Other designated	8,322	6,264
Inn from the Cold	939	20,000
Orillia Christian Ministries	870	25,000
One Roof Community Centre	541	30,000
Restorative Justice Housing	-	7,500
	<u>1,186,061</u>	<u>1,172,716</u>
<b>Campaign costs</b>		
Staffing	107,883	104,244
Campaign materials	23,282	13,748
Shipping and postage	16,471	15,491
Miscellaneous	12,242	12,810
Design and artwork	11,805	24,580
Travel and meetings	1,755	1,612
Website and marketing	891	911
Events	71	-
	<u>174,400</u>	<u>173,396</u>
<b>Total distributions and campaign costs</b>	<u>1,360,461</u>	<u>1,346,112</u>
<b>Excess (deficiency) of revenue over distributions and campaign costs</b>	<u>\$ 139,554</u>	<u>\$ (19,574)</u>

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

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### 12. 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 extent of risk related to financial instruments. It is management's opinion that the Diocese is not exposed to significant risk arising from its financial instruments.

#### Credit risk

The Diocese is subject to credit risk through parishes, loans and other receivables. The Diocese maintains a provision for potential losses relating to receivables – parishes of \$1,748,145 (2022 - \$1,443,907) and any such losses to date have been within management's expectations.

#### Liquidity risk

The Diocese is exposed to liquidity risk mainly in respect to accounts payable and distributions payable. The Diocese manages its liquidity risk by forecasting cash flows from operations, investing excess funds and ensuring appropriate financing is in place.

At December 31, 2023, the Diocese had an unsecured operating line of credit of \$2,000,000 (2022 - \$2,000,000), of which \$Nil (2022 - \$Nil) has been drawn. Interest on funds drawn on the line is calculated at the prime rate of interest as determined by the Diocese's bank.

#### Interest rate risk

The Diocese's earnings are exposed to interest rate risk that arises from fluctuations in interest rates and the degree of volatility of these rates, particularly in relation to its loans receivable and investments. The Diocese does not use derivative instruments to alter its exposure to interest rate risk. The Diocese manages this risk by investing in a diversified portfolio of investments.

#### Market risk

The Diocese's investments are subject to market rate risk that arises from fluctuations in market prices and the degree of volatility of these prices. The Diocese manages this risk by investing in a diversified portfolio of investments.

#### Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Diocese's foreign currency purchase and sale transactions and its assets and liabilities that are denominated in foreign currencies are minimal.

# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

### 13. Expense allocation

	Church growth and development	Corporate governance and support services	The Wider Church	Episcopal care and leadership	ordained and lay leaders	Supporting Church and society	Total 2023	Total 2022
Direct costs	\$ 875,241	\$ 1,223,412	\$ 1,646,646	\$ 365,860	\$ 972,061	\$ 56,308	\$ 5,139,528	\$ 4,314,688
Salaries and benefits	<u>1,410,298</u>	<u>1,051,209</u>	-	<u>1,143,232</u>	<u>171,568</u>	<u>99,377</u>	<u>3,875,684</u>	<u>3,793,895</u>
	<u>\$ 2,285,539</u>	<u>\$ 2,274,621</u>	<u>\$ 1,646,646</u>	<u>\$ 1,509,092</u>	<u>\$ 1,143,629</u>	<u>\$ 155,685</u>	<u>\$ 9,015,212</u>	<u>\$ 8,108,583</u>

Personnel costs are allocated based on the estimated time spent by staff on each functional area.

### 14. 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. During the year, the following grants were distributed.

	2023	2022
<u>Ministry Grants</u>		
All Saints, Kingsway	\$ 49,145	\$ 62,630
All Saints Church Community Centre	43,300	100,900
All Saints, Collingwood	35,000	14,583
Christ Memorial Church, Oshawa	23,472	4,500
Church of the Holy Wisdom	-	25,000
Church of the Transfiguration	10,873	17,677
Holy Trinity, Guildwood	40,000	47,500
St. Anne, Toronto	16,875	-
St. Aidan, Toronto	-	11,250
St. Bartholomew	30,000	40,000
St. Chad	-	77,743
St. George, Pickering Village, Ajax	9,445	-
St. John the Evangelist, Peterborough	40,000	16,667
St. John the Baptist, Oak Ridges	18,400	-
St. John the Baptist, Norway	20,600	-
St. Jude, Wexford	45,000	-
St. Luke, Peterborough	-	44,000
St. Margaret's Barrie	26,994	6,529
St. Margaret New Toronto	70,000	17,500
St. Matthew, Islington	29,000	-
St. Michael & All Angels	36,643	32,117
St. Paul, Bloor Street	40,000	-
St. Paul, L'Amoreaux	28,000	15,000
St. Peter, Cobourg	-	500,000
St. Philip-on-the-Hill, Unionville	61,563	17,544
St. Saviour, Orono	30,000	54,000
St. Stephen-in-the-Fields	-	30,000
St. Stephen, Maple	54,407	90,051
St. Thomas, Huron	23,500	-
Trinity Church, Barrie	34,535	43,535

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# The Incorporated Synod of the Diocese of Toronto

## Notes to the Financial Statements

December 31, 2023

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### 14. Parish support (continued)

	<u>2023</u>	<u>2022</u>
<u>Other Grants</u>		
Sisterhood of St. John the Divine	\$ 656,539	\$ -
Trintiy Church, Streetsville	164,535	-
Property committee	163,636	-
Reach grants	<u>15,000</u>	<u>15,000</u>
	<u>\$ 1,816,462</u>	<u>\$ 1,283,726</u>

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### 15. Retirement benefits remeasurements and other items

Retirement benefits remeasurements and other items for the period include actuarial gains and losses, past service costs and gains and losses arising from any settlements and curtailments of benefits. These amounts are recorded directly in the statement of changes in fund balances rather than the statement of revenue and expenses.

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### 16. Interfund transfers

During the year, there were transfers made between the funds of the Diocese as follows:

- \$2,144,577 from the Restricted Funds to the Unrestricted Funds primarily to support expenditures on operations.
  - \$226,436 from the Endowment Funds to the Unrestricted Funds primarily to support expenditures on operations.
  - \$85,633 from the Unrestricted Funds to the Capital Assets Fund primarily to fund capital asset purchases.
- 

### 17. Commitments

The Diocese is committed under various agreements for vehicles and office rentals for future minimum annual payments over the next 5 years as follows:

2024	\$ 91,889
2025	72,178
2026	61,412
2027	39,794
2028	40,988

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### 18. Comparative figures

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

# The Incorporated Synod of the Diocese of Toronto

## Schedule 1 - Details of the Consolidated Trust Fund

As at and year ended December 31

### Investments

Investments are carried at fair value which results in capital appreciation or depreciation being allocated to unit holders.

	<u>2023</u>	<u>%</u>	<u>2022</u>	<u>%</u>
Short-term deposits	\$ 4,904,977	3	\$ 3,114,109	2
Bonds	4,177,654	2	4,924,579	3
Stocks	66,988,098	35	65,864,380	38
Pooled funds	73,485,943	39	64,726,532	38
Infrastructure pooled funds	<u>39,740,991</u>	<u>21</u>	<u>32,762,896</u>	<u>19</u>
	<u>\$ 189,297,663</u>	<u>100</u>	<u>\$ 171,392,496</u>	<u>100</u>

### Changes in Net Assets

Changes in the net assets of the Fund are as follows:

	<u>2023</u>	<u>2022</u>
Net assets, beginning of year	\$ 167,548,034	\$ 183,125,154
Add: Contributions	9,946,885	4,841,365
Capital appreciation (depreciation)	16,739,201	(13,082,193)
Interest and dividends	6,790,546	5,614,844
Less: Withdrawals	(9,160,009)	(5,071,647)
Distributions	(6,790,136)	(6,768,000)
Expenses	<u>(799,379)</u>	<u>(1,111,489)</u>
Net assets, end of the year	<u>\$ 184,275,142</u>	<u>\$ 167,548,034</u>
Number of units outstanding, end of year	657,419	654,642
Number of units owned by the Diocese	323,379	321,647
Number of units owned by the parishes	334,039	332,995
Net assets, end of year, per unit	\$ 280.29	\$ 255.94
Distribution per unit	\$ 10.38	\$ 10.28
Net earnings (loss)	\$ 22,730,349	\$ (8,578,838)
Average number of units outstanding	654,156	658,327
Net gain (loss) per unit	\$ 34.75	\$ (13.03)

The Consolidated Trust 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.

The aggregate income and capital distribution for the year was at the rate of \$10.38 (2022 - \$10.28) per unit, based upon a 4.25% yield rate on investments times a three-year rolling average of the unit value of the fund, calculated annually. The Investment Committee of the Diocese reviews this rate annually to ensure that it is reasonable relative to the total return of the Consolidated Trust 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.