



Financial Statements

Incorporated Synod of the Diocese of Algoma

December 31, 2009

# Contents

	<b>Page</b>
Auditors' Report	1
Statement of Financial Position	2-3
Statement of Revenue and Expenses – General Fund	4
Statement of Cash Flows - General Fund	5
Statement of Fund Balances – General Fund	6
Statement of Church Workers' Transportation Fund	7
Statement of Archbishop Wright Building Fund	8
Statement of Special Purpose Funds	9
Notes to the Financial Statements	10-12

## Auditors' report

**Grant Thornton LLP**  
5th Floor, Station Tower  
421 Bay Street  
Sault Ste. Marie, ON  
P6A 1X3  
T (705) 945-9700  
F (705) 945-9705  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To The Right Reverend Doctor Stephen Andrews, and  
Members of The Incorporated Synod of the Diocese of Algoma

We have audited the Statement of Financial Position of The Incorporated Synod of the Diocese of Algoma as at December 31, 2009 and the Statements of Revenue and Expenses - General Fund, Cash Flows - General Fund, Fund Balances – General Fund, Church Workers' Transportation Fund, Archbishop Wright Building Fund, and Special Purpose Funds for the year then ended. These financial statements are the responsibility of the Synod's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Note 2 to the financial statements explains the Synod's policy for accounting for capital assets. The note indicates that capital assets are expensed as acquired rather than being recognized as a capital asset upon acquisition. In this respect, the financial statements are not in accordance with Canadian generally accepted accounting principles. If expenditures had been recognized as assets, assets would increase by \$15,285, equity would increase by \$21,445, and expenses would increase by \$6,160.

In our opinion, except for the effects of the failure to record capital assets as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Synod as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sault Ste. Marie, Ontario

April 1, 2010

Chartered accountants  
Licensed public accountants

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## The Incorporated Synod of the Diocese of Algoma

### Statement of Financial Position

December 31	2009	2008
<b>Assets</b>		
General Fund		
Cash	\$ 307,642	\$ 212,773
Accounts receivable, net of allowance for doubtful accounts of \$207,231 (2008: \$209,238)	70,565	174,587
Loans receivable	20,520	18,190
Real estate	58,152	58,152
Receivable from other funds	<u>3,191</u>	<u>5,068</u>
	<u>460,070</u>	<u>468,770</u>
Church Workers' Transportation Fund (CWTF)		
Cash	18,590	8,090
Deposit held in consolidated investment fund	138,445	127,259
Receivable from general fund	9,077	22,477
Loans receivable	<u>33,818</u>	<u>41,779</u>
	<u>199,930</u>	<u>199,605</u>
Archbishop Wright Building Fund (AWBF)		
Cash	44,323	51,716
Deposit held in consolidated investment fund	1,158,582	959,511
Loans receivable	485,702	560,407
Real estate held for future development, at cost	<u>12,210</u>	<u>11,585</u>
	<u>1,700,817</u>	<u>1,583,219</u>
Special Purpose Funds		
Cash and treasury bills	510,403	605,105
Accrued interest receivable	11,342	13,872
Marketable securities	4,980,776	4,221,569
Mortgages receivable (Note 3)	44,200	33,953
Receivable from other funds	<u>56,080</u>	<u>49,403</u>
	<u>5,602,801</u>	<u>4,923,902</u>
	<u>\$ 7,963,618</u>	<u>\$ 7,175,496</u>

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See accompanying notes to the financial statements.

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# The Incorporated Synod of the Diocese of Algoma

## Statement of Financial Position

December 31 2009 2008

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### Liabilities and Fund Balances

#### General Fund

Accounts payable and accruals	\$ 65,903	\$ 63,008
Payable to church workers' transportation fund	9,077	22,477
Payable to other funds	42,087	51,426
Clergy moving fund	24,918	24,918
Real estate fund	58,152	58,152
Fund balance, operations	<u>259,933</u>	<u>248,789</u>
	<u>460,070</u>	<u>468,770</u>

#### Church Workers' Transportation Fund (CWTF)

Payable to other funds	120	100
Fund balance	<u>199,810</u>	<u>199,505</u>
	<u>199,930</u>	<u>199,605</u>

#### Archbishop Wright Building Fund (AWBF)

Payable to other funds	1,273	2,945
Fund balance	<u>1,699,544</u>	<u>1,580,274</u>
	<u>1,700,817</u>	<u>1,583,219</u>

#### Special Purpose Funds

Payable to other funds	15,791	-
Consolidated investment fund	<u>5,587,010</u>	<u>4,923,902</u>
	<u>5,602,801</u>	<u>4,923,902</u>
	<u>\$ 7,963,618</u>	<u>\$ 7,175,496</u>

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Contingencies (Note 4)

On behalf of the Executive Committee

\_\_\_\_\_ Member \_\_\_\_\_ Member

See accompanying notes to the financial statements.

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## The Incorporated Synod of the Diocese of Algoma Statement of Revenue and Expenses – General Fund

Year Ended December 31 2009 2008

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### Revenue

Anglican Church Women	\$ 13,500	\$ 13,500
Apportionments	1,256,641	1,256,446
Donations for Algoma Anglican	8,453	9,134
Interest on endowment investments	29,839	44,296
Miscellaneous	<u>23,214</u>	<u>24,454</u>
	<u>1,331,647</u>	<u>1,347,830</u>

### Expenses

Algoma Anglican	25,608	24,162
Clergy moving	7,500	7,500
Consecration	27,692	-
Diocesan programs and other	88,214	87,652
General Synod apportionment	284,000	272,000
Interest and bank charges	1,061	310
Legal	2,508	11,742
Missions to Seafarers	8,500	7,500
New initiatives	16,663	16,287
Printing, stationery and office	60,058	48,929
Property maintenance	88,746	31,395
Provision for doubtful accounts	30,076	40,688
Salaries, wages and benefits	517,273	541,844
Stipends, grants and pensions (Note 5)	96,095	114,298
Synod costs	18,498	11,000
Theological education assistance	17,400	13,000
Travel	<u>44,011</u>	<u>53,168</u>
	<u>1,333,903</u>	<u>1,281,475</u>

Excess of (expenses over revenue) revenue over expenses	\$ <u>(2,256)</u>	\$ <u>66,355</u>
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See accompanying notes to the financial statements.

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## The Incorporated Synod of the Diocese of Algoma Statement of Cash Flows - General Fund

Year Ended December 31

2009

2008

Cash derived from (applied to)

**Operating**

Excess of (expenses over revenue) revenue over expenses	\$ (2,256)	\$ 66,355
Change in non-cash operating working capital		
Accounts receivable	104,022	119,085
Loans receivable	(2,330)	(13,473)
Receivable from other funds	1,877	19,827
Accounts payable and accruals	2,895	(69,054)
Payable to church workers' transportation fund	(13,400)	(13,000)
Payable to other funds	(9,339)	50,162
	<b>81,469</b>	<b>159,902</b>

**Other**

Transfer from church workers' transportation fund for theological education	<u>13,400</u>	<u>13,000</u>
Net increase (decrease) in cash position	<b>94,869</b>	172,902

Cash position

Beginning of year	<u>212,773</u>	<u>39,871</u>
End of year	<u><b>\$ 307,642</b></u>	<u><b>\$ 212,773</b></u>

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See accompanying notes to the financial statements.

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## The Incorporated Synod of the Diocese of Algoma Statement of Fund Balances – General Fund

Year Ended December 31	2009	2008
Balance, beginning of year	\$ 248,789	\$ 169,434
Transfer from church workers' transportation fund for theological education	13,400	13,000
Excess of (expenses over revenue) revenue over expenses from operations	<u>(2,256)</u>	<u>66,355</u>
Balance, end of year	<u>\$ 259,933</u>	<u>\$ 248,789</u>

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See accompanying notes to the financial statements.



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**The Incorporated Synod of the Diocese of Algoma  
Statement of Church Workers' Transportation Fund**

Year Ended December 31

**2009**

**2008**

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Balance, beginning of year	<b><u>\$ 199,505</u></b>	<b><u>\$ 233,402</u></b>
<b>Revenue</b>		
Fair market adjustment on held for trading investments	<b>9,011</b>	-
Interest		
Loans	<b>2,405</b>	1,991
Investments and other	<b>4,202</b>	4,939
Recovery of bad debt	<b><u>230</u></b>	<u>1,669</u>
	<b><u>15,848</u></b>	<u>8,599</u>
<b>Expenses</b>		
Capital losses	<b>806</b>	7,326
Transfer to general fund for theological education	<b>13,400</b>	13,000
Fair market adjustment on held for trading investments	-	20,774
Administrative services	<b><u>1,337</u></b>	<u>1,396</u>
	<b><u>15,543</u></b>	<u>42,496</u>
Balance, end of year	<b><u>\$ 199,810</u></b>	<b><u>\$ 199,505</u></b>

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See accompanying notes to the financial statements.

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# The Incorporated Synod of the Diocese of Algoma

## Statement of Archbishop Wright Building Fund

Year Ended December 31

2009

2008

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Balance, beginning of year	<u>\$ 1,580,274</u>	<u>\$ 1,711,766</u>
<b>Revenue</b>		
Fair market adjustment on held for trading investment	79,970	-
Rental income	-	9,900
Interest		
Loans	25,455	32,283
Investments and other	<u>35,298</u>	<u>35,108</u>
	<u>140,723</u>	<u>77,291</u>
<b>Expenses</b>		
Capital losses	6,147	55,086
Administrative expenses	11,308	10,818
Property expenses	3,998	6,816
Fair market adjustment on held for trading investment	-	136,063
	<u>21,453</u>	<u>208,783</u>
Balance, end of year	<u>\$ 1,699,544</u>	<u>\$ 1,580,274</u>

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See accompanying notes to the financial statements.

# The Incorporated Synod of the Diocese of Algoma

## Statement of Special Purpose Funds

Year Ended December 31

	Local Parish Purposes	Diocesan Purposes	AWBF Purposes	CWTF Purposes	Total 2009	Total 2008
Balance, beginning of year	\$ 2,031,065	\$ 1,806,067	\$ 959,511	\$ 127,259	\$ 4,923,902	\$ 5,372,372
<b>Revenue</b>						
Interest - investments and other	66,232	63,700	35,285	4,199	169,416	184,848
Transfers in	112,709	120,468	100,000	-	333,177	583,349
Fair market adjustment on investment held for trading	150,843	134,133	79,970	9,011	373,957	-
Donations and other	-	1,231	-	-	1,231	27,139
Mortgage receivable interest accretion	1,698	-	-	-	1,698	1,617
	<u>331,482</u>	<u>319,532</u>	<u>215,255</u>	<u>13,210</u>	<u>879,479</u>	<u>796,953</u>
<b>Expenses</b>						
Administrative services	17,938	16,916	10,037	1,218	46,109	45,556
Capital losses	12,229	10,516	6,147	806	29,698	269,246
Fair market adjustment on investment	-	-	-	-	-	492,918
Transfers out	-	25,302	-	-	25,302	5,550
Disbursements for designated purposes	107,167	8,095	-	-	115,262	432,153
	<u>137,334</u>	<u>60,829</u>	<u>16,184</u>	<u>2,024</u>	<u>216,371</u>	<u>1,245,423</u>
Balance, end of year	\$ 2,225,213	\$ 2,064,770	\$ 1,158,582	\$ 138,445	\$ 5,587,010	\$ 4,923,902

See accompanying notes to the financial statements.

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# The Incorporated Synod of the Diocese of Algoma

## Notes to the Financial Statements

December 31, 2009

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### 1. Nature of operations

The Incorporated Synod of the Diocese of Algoma is incorporated without share capital under a special Act of the Ontario Provincial Legislature. The Diocese is an incorporated not-for-profit organization and is exempt from income taxes.

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### 2. Summary of significant accounting policies

#### Revenue recognition

Revenue from donations and fund-raising activities is recognized when received. All other revenue is recognized on an accrual basis.

#### General fund - real estate

Real estate consisting of Bishophurst and Camp Manitou is reflected at nominal values. No provision has been made for depreciation on buildings.

All other real estate, except for real estate held for future development, registered in the name of the Diocese, comprising parish churches, halls, residences, and cemeteries located within the Diocese, are reflected on the financial statements of the individual parishes and boards.

#### Capital assets

Capital asset additions are treated as expenditures in the period incurred.

#### Financial assets and liabilities

CICA Handbook Section 3855 establishes standards for recognizing and measuring financial assets and financial liabilities. It requires that financial assets and liabilities be recognized on the Balance Sheet when the Diocese becomes party to the contractual provisions of a financial instrument. Under this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, loans and receivables, held to maturity, available for sale or other financial liabilities. Management determines the classification of financial assets and liabilities at initial recognition and the designations made for each financial instrument are indicated in the notes. A description of the various designation classifications follows:

The financial instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in net income. Section 3855 permits an entity to designate any financial instrument as held for trading on initial recognition or adoption of this standard, even if that instrument would not otherwise meet the definition of held for trading as specified in Section 3855. The Diocese has classified the following financial instruments as held for trading; included in the General Fund is cash; included in the Church Workers Transportation Fund are cash and deposit held in consolidated investment fund; included in the Archbishop Wright Building Fund are cash and deposits held in consolidated investment fund; included in Special Purpose Funds are cash and treasury bills and marketable securities.

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# The Incorporated Synod of the Diocese of Algoma

## Notes to the Financial Statements

December 31, 2009

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

#### Financial assets and liabilities (continued)

The financial assets classified as loans and receivables are measured at amortized cost. The Diocese's financial instruments classified as loans and receivables in the General Fund, include accounts receivable, loans receivable, and receivable from other funds; included in the Church Workers Transportation Fund are receivable from general fund, receivable from other funds and loans receivable; included in the Archbishop Wright Building Fund is loans receivable; included in Special Purpose Funds are accrued interest receivable, receivable from other funds and mortgages receivable. There are no financial instruments classified as held to maturity or available for sale.

Financial instruments classified as other financial liabilities in the General Fund, include accounts payable and accruals, payable to Church Workers' Transportation Fund, and payable to other funds; included in the Church Workers Transportation Fund is payable to other funds; included in the Archbishop Wright Building Fund is payable to other funds; and included in Special Purpose Funds is payables to other funds.

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### 3. Mortgages receivable

Mortgages receivable from clergy are held by the Diocese on behalf of individual parishes. Interest rates on these mortgages are at 0% - 3% per annum. One mortgage outstanding has no principal repayments and is due to be repaid November 18, 2013. Mortgages receivable are classified as loans and receivable and are carried at amortized cost. Interest revenue due to accretion of the discount amount of \$1,698 (2008: \$1,617) has been recorded as revenue in the Statement of Special Purpose Funds, Local Parish Purposes.

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### 4. Contingencies

The Diocese has guaranteed a mortgage held by a parish to a maximum of \$153,180. In addition, the Diocese has guaranteed bank operating lines of credit for two parishes to a maximum of \$37,000 in total.

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### 5. Stipends, grants and pensions

Stipends, grants and pensions include \$47,809 (2008: \$61,152) in respect of the Diocesan grants to assisted parishes. Total stipends, salaries and grants paid through the central payroll facility of the Diocese amounted to \$2,938,875 (2008: \$2,949,821).

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### 6. Pension plan

The Diocese participates in a defined contribution plan for its employees administered by The Anglican Church of Canada. The employees contribute 4.4% of salary and the Diocese contributes 10%. The pension expense for the year amounted to \$38,092 (2008: \$41,845).

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# The Incorporated Synod of the Diocese of Algoma

## Notes to the Financial Statements

December 31, 2009

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### 7. Related party transactions

The Diocese is related to the William McMurray Corporation as three members of the Diocese Executive Committee are also on the 9 member Board of Directors of the William McMurray Corporation. The Diocese also administers the operations of the William McMurray Corporation.

During the year the Diocese made rental payments to William McMurray Corporation in the amount of \$22,885 (2008: \$22,885).

During the year William McMurray Corporation made payments to the Diocese as follows:

	<u>2009</u>	<u>2008</u>
Interest – Archbishop Wright Building Fund loan	\$ 3,382	\$ 3,872
Principal – Archbishop Wright Building Fund loan	9,278	8,788
Administration fees	9,000	9,000

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At December 31, 2009 William McMurray Corporation was indebted to the Diocese for a 5% Archbishop Wright Building Fund loan in the amount of \$62,506 (2008: \$71,784).

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### 8. Concentration of credit risk

The Diocese has receivables that potentially expose it to a concentration of credit risk. Receivables include amounts due from parishes and parish employees. The Diocese performs ongoing credit evaluation of receivables and maintains an allowance for potential losses.

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### 9. Credit facilities

The Diocese has a credit facility with the CIBC in the amount of \$250,000, secured by a general security agreement. Interest is calculated at prime + ½. As at December 31, 2009, no amount of the facility was utilized.