

Financial Statements of

**ANGLICAN CHURCH MINISTRIES  
FOUNDATION, NIAGARA**

Year ended December 31, 2009



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## AUDITORS' REPORT

To the Bishop and the Members of the Anglican Church Ministries Foundation, Niagara

We have audited the statement of financial position of the Anglican Church Ministries Foundation, Niagara (the "Foundation") as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 misstatement. 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.

As is common with many charitable organizations, the Foundation derives revenue from gifts and bequests, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenues, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of gifts and bequests revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2009 and the results of its operations, its fund balances and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Hamilton, Canada  
October 20, 2010

# ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

## Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	General Fund	Restricted Fund	Endowment Fund	2009	Total 2008
<b>Assets</b>					
Current assets:					
Cash	\$ 50	\$ -	\$ -	\$ 50	\$ 50
Investments (note 3)	1,321	(907,348)	11,151,929	10,245,902	9,068,355
Rectory loans (note 4)	-	-	1,559,691	1,559,691	-
	\$ 1,371	\$ (907,348)	\$12,711,620	\$11,805,643	\$ 9,068,405

## Fund Balances

Externally restricted (note 5(b))	\$ -	\$ (938,550)	\$12,711,620	\$11,773,070	\$ 9,037,945
Unrestricted	1,371	-	-	1,371	4,017
Internally restricted	-	31,202	-	31,202	26,443
	1,371	(907,348)	12,711,620	11,805,643	9,068,405
	\$ 1,371	\$ (907,348)	\$12,711,620	\$11,805,643	\$ 9,068,405

See accompanying notes to financial statements.

# ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

## Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

	General Fund	Restricted Fund	Endowment Fund	2009	Total 2008
<b>Revenues:</b>					
Gifts and bequests	\$ -	\$ -	\$ 416,588	\$ 416,588	\$ -
Net investment income	(452)	1,502,169	-	1,501,717	(2,291,814)
Reimbursement of investment fee	50,261	-	-	50,261	51,805
	49,809	1,502,169	416,588	1,968,566	(2,240,009)
<b>Expenses:</b>					
Insurance	-	-	-	-	2,592
Administration	10,000	-	-	10,000	10,000
Salaries	42,455	-	-	42,455	31,421
Grants to Diocese	-	-	400,000	400,000	279,131
Endowment refund to parishes	-	214,226	-	214,226	-
Other endowment refund	-	-	76,644	76,644	-
	52,455	214,226	476,644	743,325	323,144
Excess of revenues for the year	\$ (2,646)	\$1,287,943	\$ (60,056)	\$ 1,225,241	\$(2,563,153)

See accompanying notes to financial statements.

# ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

## Statement of Changes in Net Assets

Year ended December 31, 2009, with comparative figures for 2008

	General Fund	Restricted Fund	Endowment Fund	2009	Total 2008
Fund balances, beginning of year	\$ 4,017	\$(2,388,071)	\$11,452,459	\$ 9,068,405	\$ 3,024,596
Excess of revenues for the year	(2,646)	1,287,943	(60,056)	1,225,241	(2,563,153)
Transfers between funds	-	192,780	(192,780)	-	-
Change in endowment net assets (note 5(a))	-	-	1,511,997	1,511,997	8,606,962
Fund balances, end of year	\$ 1,371	\$(907,348)	\$12,711,620	\$11,805,643	\$ 9,068,405

See accompanying notes to financial statements.

# ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

## Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Operations:		
Excess of revenues for the year	\$ 1,225,241	\$(2,563,153)
Investing:		
Change in endowments, net	1,511,997	8,606,962
Change in investments, net	(1,177,547)	(6,043,809)
Change in rectory loans, net	(1,559,691)	-
	(1,255,241)	2,563,153
Increase in cash	-	-
Cash, beginning of year	50	50
Cash, end of year	\$ 50	\$ 50

See accompanying notes to financial statements.

# ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Notes to Financial Statements

Year ended December 31, 2009

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The Anglican Church Ministries Foundation, Niagara has been set up to receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time, for charitable purposes, and in particular to assist The Synod of the Diocese of Niagara, in the Anglican Church of Canada, its Bishop or Archbishop: to preach, promote and advance the spiritual teachings of the Christian faith; and to support and maintain churches and the mission of the Church in order to propagate and express the Christian faith. The community of faith encompasses a large geographical area including the Niagara Peninsula, Greater Hamilton, the Region of Halton; Dufferin; Wellington and portions of Haldimand County. It was incorporated by an act of the Provincial Government of Ontario, assented to on January 1, 1999 and is a registered charity under the Income Tax Act.

## 1. Significant accounting policies:

The Foundation follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

### (a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund reports revenues and expenses related to program delivery and administrative activities.

The Restricted Fund reports resources contributed for which the use is restricted by the donors and do not form part of the Endowment Fund. It also reports the related investment income and disbursements of the Restricted Fund.

The Endowment Fund reports resources contributed with the stipulation that the capital amount be permanently retained. Investment income earned on the portion of the fund for which there are restrictions on the use is recorded in the Restricted Fund. Investment income earned on the portion of the fund for which there are no restrictions on the use is recorded in the General fund.

### (b) Investments:

Investments in mutual and pooled funds are carried at market value, and accordingly, unrealized capital gains or losses are included in income.

### (c) Revenue recognition:

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Notes to Financial Statements (continued)

Year ended December 31, 2009

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## 1. Significant accounting policies (continued):

### (d) Financial instruments:

The Foundation initially records its financial instruments on the balance sheet at fair value. They are subsequently valued at fair value or amortized cost depending on the classification selected for the financial instrument. Financial assets are classified as either "held-for-trading", "held to maturity", "available-for-sale" or "loans and receivables" and financial liabilities are classified as either "held-for-trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value recorded in the statement of revenue and expenses. Financial assets classified as held to maturity or loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method.

The Foundation has classified its financial instruments as follows:

Cash is classified as held-for-trading.  
Investments are classified as held-for-trading.

The Foundation has elected to not separately account for embedded derivatives.

### (e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

## 2. Change in accounting policy:

Amendments to Accounting Standards that Apply Only to Not-For-Profit Organizations:

Effective January 1, 2009, the entity adopted the Canadian Institute of Chartered Accountants ("CICA") amendments to the 4400 Sections of the CICA Handbook. These amendments eliminate the requirement to show net assets invested in capital assets as a separate component of net assets, clarify the requirement for revenue and expenses to be presented on a gross basis when the not-for-profit organization is acting as principal and require a statement of cash flows.

# ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Notes to Financial Statements (continued)

Year ended December 31, 2009

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## 2. Change in accounting policies (continued):

Amendments to Section 1000 Financial Statement Concepts:

Effective January 1, 2009 the entity adopted the CICA amendments to Section 1000 of the CICA Handbook. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching of revenue and expense items.

Disclosure of Allocated Expenses by Not-for-Profit Organizations:

Effective January 1, 2009 the entity adopted the CICA Handbook Section 4470 "Disclosure of Allocated Expenses by Not-for-Profit Organizations", which requires certain disclosures when fundraising and general support expenses are allocated to other functions.

Adoption of these recommendations had no significant impact on the financial statements for the year ended December 31, 2009.

## 3. Investments:

The market values of investments are as follows:

	2009	2008
Russell Canadian Equity Fund	\$ 3,144,467	\$ 2,771,289
Russell Canadian Fixed Income Fund	3,523,567	3,085,961
Russell US Equity Fund	1,538,934	1,377,483
Russell Overseas Equity Fund	1,525,614	1,376,577
Russell Global Equity Fund	513,320	457,045
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	\$10,245,902	\$ 9,068,355

## 4. Rectory loans:

During the year, rectory fund loans were transferred to the Foundation to be held within the Endowment Fund. These loans are due from several parishes, have no fixed terms of repayment and are non-interest bearing.

# ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Notes to Financial Statements (continued)

Year ended December 31, 2009

## 5. Endowments:

(a) Change in endowment net assets:

The following were recorded directly to endowment net assets (see note 4):

	2009	2008
Contributions restricted for endowment	\$ 1,511,997	\$ 8,606,962
Increase in endowment net assets	\$ 1,511,997	\$ 8,606,962

(b) Major categories of fund balances with externally imposed restrictions are as follows:

	Restricted Fund	Endowment Fund	2009	Total 2008
Synod – Endowment Fund	\$ (34,763)	\$ 527,060	\$ 492,297	\$ 417,226
Gerula Flower Memorial Fund	(487)	5,261	4,774	4,113
Bishop's Company Endowment	3,287	197,270	200,557	142,058
McMaster Campus Ministries Endowment Fund	12,357	77,602	89,959	76,242
Education and Training for Leadership in the Church	(58,022)	1,379,535	1,321,513	1,149,560
Outreach in the Name of Christ	(28,895)	689,652	660,757	574,780
St. George's, St. Catherine's Endowment Fund	(20,737)	670,489	649,752	528,990
Cathedral Place Endowment Fund	1,578	390,348	391,926	309,724
Cathedral Place Clayton/Aetyro	3,399	120,651	124,050	-
Charles and Bexcy Daw Endowment Fund	3,390	7,480	10,870	6,166
St. John's, Niagara Falls Endowment Fund	670	54,080	54,750	42,212
St. James, Dundas Endowment Fund	(38)	2,000	1,962	798
St. Judes Foundation of Hope	1	85,000	85,001	-
Rectory Funds	(820,290)	8,505,192	7,684,902	5,786,076
	\$ (938,550)	\$12,711,620	\$11,773,070	\$ 9,037,945

# ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Notes to Financial Statements (continued)

Year ended December 31, 2009

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**6. Financial instruments:**

The Foundation is subject to market risk, foreign currency risk and interest rate risk with respect to the Foundation's investments. To manage these risks, the Foundation has established a target mix of investment types designed to achieve the optimal return with reasonable risk tolerances. The Foundation employs diversification of assets across various industries and markets including Canadian, U.S. and International to manage the risk.

**7. Comparative figures:**

Certain comparative figures have been reclassified to conform with the current year's presentation.