

Financial Statements of

**THE CONSOLIDATED TRUST FUND
OF THE INCORPORATED SYNOD OF
THE DIOCESE OF OTTAWA**

December 31, 2010

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Financial Statements

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**THE CONSOLIDATED TRUST FUND
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THE DIOCESE OF OTTAWA**

Balance Sheet

as at December 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 228,731	\$ 30,611
Due from other funds	5,116	5,470
Investments (Note 3)	27,493,117	28,042,930
	<u>\$ 27,726,964</u>	<u>\$ 28,079,011</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 48,790	\$ 39,748
Dividends payable	177,193	203,581
Unit holder capital (Note 4)	27,500,981	27,835,682
	<u>\$ 27,726,964</u>	<u>\$ 28,079,011</u>

APPROVED BY THE DIOCESAN COUNCIL

+ [Signature] Member
[Signature] Member

**THE CONSOLIDATED TRUST FUND
OF THE INCORPORATED SYNOD OF
THE DIOCESE OF OTTAWA**

**Statement of Revenues, Expenses and Distributions
year ended December 31, 2010**

	<u>2010</u>	<u>2009</u>
Revenue		
Interest and dividends	\$ 810,877	\$ 881,370
Change in fair value of investments		
Current year increase in fair value of investments	1,547,884	2,352,810
Expenses		
Administration fees (Note 5)	278,356	261,148
Investment management and custodial fees	232,319	228,867
	510,675	490,015
Excess of revenue over expenses before distributions	1,848,086	2,744,165
Distributions:		
Dividends to unit holders (Note 6)	1,140,132	1,186,019
Increase in unit holder capital	707,954	1,558,146
	1,848,086	2,744,165
EXCESS OF REVENUE OVER EXPENSES AND DISTRIBUTIONS	\$ -	\$ -

THE CONSOLIDATED TRUST FUND OF THE INCORPORATED SYNOD OF THE DIOCESE OF OTTAWA

Notes to the Financial Statements

year ended December 31, 2010

1. NATURE OF ACTIVITIES

The Consolidated Trust Fund (CTF) of the Incorporated Synod of the Diocese of Ottawa (the Incorporated Synod) is a separate fund of the Anglican Church in the Ottawa Diocese. CTF holds and manages investments for parishes, the Incorporated Synod, third parties and for various cemeteries.

The Incorporated Synod is a registered charitable organization and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and include the following significant accounting policies:

Future accounting changes

In 2010, the Canadian Institute of Chartered Accountants (CICA) issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations may adopt either International Financial Reporting Standards or GAAP for not-for-profit organizations. The CTF currently plans to adopt GAAP for not-for-profit organizations effective January 1, 2012.

Financial instruments

All financial assets are required to be classified as either held-for-trading, held-to-maturity investments, loans and receivables or available-for-sale. All financial liabilities are required to be classified as held for trading or other liabilities.

The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the CTF's designation of said instruments at the time of initial recognition. Settlement date accounting is used. Interest is calculated using the effective interest rate method.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Classifications made by the CTF:

Cash	Held-for-trading
Investments	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Held-for-trading

These financial assets are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in the statement of revenue, expenses and distributions.

Loans and receivables

These financial assets are measured at amortized cost using the effective interest rate method, less any impairment.

Related party receivables are recorded at exchange amounts.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest rate method and include all financial liabilities other than derivative instruments.

Fair value and related risks

The fair value of cash, due from other funds, accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

It is management's opinion that they are not exposed to any significant credit, liquidity or market risks arising from these financial instruments.

The fair value of investments and related risks are disclosed in Note 3.

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Notes to the Financial Statements

year ended December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Investments and cash balances denominated in foreign currencies are translated at the rates in effect at year-end. Resulting gains or losses from changes in these rates are included in investment earnings.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management's estimates include the collectible amounts of receivables, valuation of investments, and the amount of accrued liabilities. Actual results could differ from these estimates.

Capital

CTF's objective in managing capital is disclosed in Note 1. Capital consists of the Unit holder capital. CTF has complied with all externally imposed capital restrictions.

3. INVESTMENTS

Investments are summarized as follows:

	<u>Fair Value</u>	
	<u>2010</u>	<u>2009</u>
Cash	\$ 772,049	\$ 1,411,085
Fixed income	10,474,361	12,007,464
Equities	16,246,707	14,624,381
	<u>\$ 27,493,117</u>	<u>\$ 28,042,930</u>

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3. INVESTMENTS (Continued)

Determination of fair values

Fixed income consists of debt obligations of governments and corporate bodies paying interest at rates appropriate to the market at the date of their purchase. Bonds are recorded at prices based upon published market quotations.

Equities consist of listed securities recorded at prices based upon public market quotations.

Investment risk

Investment in financial instruments renders CTF subject to investment risks. These include the risks arising from changes in interest rates, in rates of exchange for foreign currency, and in equity markets both domestic and foreign. They also include the risks arising from the failure of a counterparty to a financial instrument to discharge an obligation when it is due.

CTF has adopted investment policies, standards and procedures to control the amount of risk to which it is exposed. The investment practices of CTF are designed to avoid undue risk of loss and impairment of assets and to provide a reasonable expectation of fair return given the nature of the investments. The maximum investment risk to CTF is represented by the fair value of the investments.

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Notes to the Financial Statements
year ended December 31, 2010

3. INVESTMENTS (Continued)

a) Concentration risk

Concentration risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. The relative proportions of the types of investments, in the portfolio are as follows:

	<u>% of Fair Value</u>	
	<u>2010</u>	<u>2009</u>
Cash	<u>3</u>	<u>5</u>
Fixed income		
Government of Canada	11	21
Corporate	18	16
Provinces of Canada	<u>9</u>	<u>6</u>
	<u>38</u>	<u>43</u>
Equities		
Canadian	<u>35</u>	<u>33</u>
Foreign		
U.S.	14	8
International	<u>10</u>	<u>11</u>
	<u>24</u>	<u>19</u>
	<u>100</u>	<u>100</u>

b) Foreign currency risk

Foreign currency exposure arises from CTF's holdings of non-Canadian denominated investments, which as noted above represented 24% (2009 - 19%) of the total portfolio.

c) Interest rate risk

The bonds mature on a staggered basis over the next 29 years. Effective interest rates to maturity for these securities range from 3.60% to 6.375%.

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Notes to the Financial Statements
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4. UNIT HOLDER CAPITAL

Changes in the Unit holder capital balance during the year were as follows:

	<u>2010</u>	<u>2009</u>
Beginning balance	\$ 27,835,682	\$ 26,114,752
Issuance of units	1,499,801	1,251,957
Redemption of units	(2,542,456)	(1,089,173)
Increase in unit value	707,954	1,558,146
Ending balance	<u>\$ 27,500,981</u>	<u>\$ 27,835,682</u>
Units outstanding at year end	1,434,100	1,490,985
Value per unit	\$ 19.18	\$ 18.67

During the year, 79,573 units were issued and 136,458 were redeemed (2009 - 68,438 issued, 58,896 redeemed).

Amounts held in trust as at December 31, 2010 were as follows:

Parish	\$ 11,310,546	\$ 10,654,393
Synod	8,653,084	9,665,825
Rectory	5,186,707	5,238,771
Clergy Retirement Allowance Fund	1,093,262	1,072,679
Cemetery	786,826	759,520
Third Parties	470,556	444,494
	<u>\$ 27,500,981</u>	<u>\$ 27,835,682</u>

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5. RELATED PARTY TRANSACTIONS

Administration fees of \$278,356 (2009 - \$261,148) were charged by the Synod based on the closing unit holder capital of the preceding year. Interest of \$2,477 (2009 - \$NIL) was charged by the Extension Fund during the year for use of its cash.

6. DIVIDENDS

During the year, an annual dividend of \$0.80 (2009 - \$0.80) was declared and payable per outstanding unit on a quarterly basis.

7. STATEMENT OF CASH FLOWS

A statement of cash flows has not been prepared as information relating to cash flows is otherwise adequately disclosed.