

Financial statements of

**The Consolidated Trust Fund of the
Incorporated Synod of the Diocese
of Ottawa**

December 31, 2014

The Consolidated Trust Fund of the Incorporated Synod of the Diocese of Ottawa

December 31, 2014

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Consolidated Trust Fund (the "CTF") of the Incorporated Synod of the Diocese of Ottawa, which comprise the statement of financial position as at December 31, 2014, and the statement of revenue, expenses and distributions for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the CTF as at December 31, 2014, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

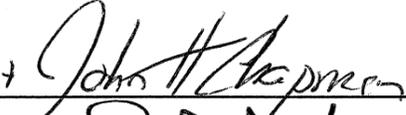
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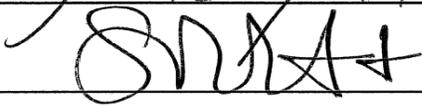
The Consolidated Trust Fund of the Incorporated Synod of the Diocese of Ottawa

Statements of financial position
as at December 31, 2014

	2014	2013
	\$	\$
Current assets		
Cash	982,911	233,836
Accrued interest	53,856	65,829
Accounts receivable	4,426	14,187
Investments (Note 3)	31,778,897	30,766,410
	32,820,090	31,080,262
Current liabilities		
Accounts payable and accrued liabilities	23,798	25,894
Distributions payable	208,546	179,107
Unit holder capital (Note 4)	32,587,746	30,875,261
	32,820,090	31,080,262

Approved by the Diocesan Council


 _____ Member


 _____ Member

The Consolidated Trust Fund of the Incorporated Synod of the Diocese of Ottawa

Statements of revenues, expenses and distributions
year ended December 31, 2014

	2014	2013
	\$	\$
Revenue		
Interest, dividends and other income	989,509	950,376
Change in fair value of investments (Note 5)	2,082,483	2,807,700
	3,071,992	3,758,076
Expenses		
Administration fees (Note 6)	308,752	282,224
Investment management and custodial fees	165,925	218,769
	474,677	500,993
Excess of revenue over expenses before distributions	2,597,315	3,257,083
Distributions:		
Income and capital distributions to unit holders (Note 7)	883,192	887,818
Increase in unit holder capital (Note 4)	1,714,123	2,369,265
	2,597,315	3,257,083
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

December 31, 2014

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

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial instruments

Financial instruments consist of cash, investments, accounts receivable, accrued interest, accounts and distributions payable and accrued liabilities.

All financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost with the exception of cash and investments which are measured at fair value. Changes in fair value are recorded in the statement of revenues, expenses and distributions.

Transaction costs are expensed as incurred.

Related party transactions that are in the normal course of business are recorded at the exchange amount.

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.

Capital management

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.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

3. Investments

	Fair value	
	2014	2013
	\$	\$
Cash	841,337	1,036,363
Fixed income	11,413,182	11,407,736
Equities	19,524,378	18,322,311
	31,778,897	30,766,410

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December 31, 2014

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 counter party 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.

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:

	% of fair value	
	2014	2013
	%	%
Cash	3	3
Fixed income		
Mutual funds	19	-
Corporate	9	17
International - mutual funds	8	8
Government of Canada	-	10
Provinces/Municipal	-	2
	36	37
Equities		
Canadian	34	34
U.S.	18	17
International	9	9
	61	60
	100	100

b) *Foreign currency risk*

Foreign currency exposure arises from CTF's holdings of non-Canadian denominated investments, represents 35% (2013 - 33%) of the total portfolio.

c) *Interest rate risk*

The bonds mature on a staggered basis over the next eleven years. Effective interest rates to maturity for these securities range from 2.60% to 4.95% (2013 - 1.00% to 4.95%).

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4. Unit holder capital

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

	2014	2013
	\$	\$
Beginning balance	30,875,261	28,222,217
Issuance of units	1,994,770	1,220,050
Redemption of units	(1,996,409)	(936,271)
Increase in unit value	1,714,124	2,369,265
Ending balance	32,587,746	30,875,261
Units outstanding at year end	1,493,836	1,494,786
Value per unit	21.81	20.66

During the year, 92,308 units were issued and 93,258 units were redeemed (2013 - 60,972 units were issued and 47,437 units were redeemed).

Amounts held in trust as at December 31, 2014 were as follows:

	2014	2013
	\$	\$
Parish	12,981,662	12,868,727
Synod	11,544,676	10,229,258
Rectory	4,870,087	4,983,941
Clergy Retirement Allowance Fund	1,529,261	1,357,309
Cemetery	1,071,767	889,062
Third Parties	590,293	546,964
Total	32,587,746	30,875,261

5. Change in fair value of investments

	2014	2013
	\$	\$
Realized gain (loss)	1,069,996	260,893
Change in unrealized gains and losses	1,012,487	2,546,807
Total	2,082,483	2,807,700

6. Related party transactions

Administration fees of \$308,752 (2013 - \$282,224) were charged by the Synod based on 1 % of the closing unit holder capital of the preceding year. Interest of \$2,786 (2013 - \$2,423) was paid by the Operations Fund during the year for use of cash.

7. Income and capital distributions

During the year, an annual distribution of \$0.60 (2013 - \$0.60) was declared and payable per outstanding unit on a quarterly basis.

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8. Fair value and related risks

The fair value of cash, 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.