Consolidated Financial Statements of

THE SYNOD OF THE DIOCESE OF NIAGARA

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Telephone 905 523 8200
Fax 905 523 2222

INDEPENDENT AUDITOR'S REPORT

To the Bishop and the Members of The Synod of the Diocese of Niagara

Qualified Opinion

We have audited the consolidated financial statements of The Synod of the Diocese of Niagara (the "Diocese"), which comprise:

- the consolidated statement of financial position as at end of December 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

  (Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditor's report the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Diocese as at end of December 31, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Diocese derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Diocese. Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the consolidated statements of financial position as at end of December 31, 2023
- the fundraising revenues and excess of revenues over expenses reported in the consolidated statements of operations for the year ended December 31, 2023

- the unrestricted net assets, at the beginning and end of the year, reported in the consolidated statements of changes in net assets for the year ended December 31, 2023
- the excess of revenues over expenses reported in the consolidated statements of cash flows for the year ended December 31, 2023

Our opinion on the financial statements for the year ended December 31, 2023 was qualified accordingly because of the possible effects of this limitation in scope.

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 auditor's 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 the 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.

KPMG

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 19, 2024

THE SYNOD OF THE DIOCESE OF NIAGARA

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash (note 2)	$ 1,097,118	$ 1,329,511
Short-term investments	16,565	–
Restricted cash (note 3)	88,642	96,904
Amounts receivable (note 4)	1,057,234	810,179
Other receivables	141,116	264,848
Current portion of long-term receivables (note 7)	1,200,000	–
Prepaid expenses	98,993	8,804
Loans receivable (note 5)	269,248	295,200
	3,968,916	2,805,446
Investments (note 6)	6,013,287	5,677,681
Long-term receivables (note 7)	1,528,636	3,249,381
Capital assets (note 8)	5,490,527	3,886,698
	$ 17,001,366	$ 15,619,206
Liabilities and Net Assets		
Current liabilities:		
Deferred revenue	$ 48,060	$ 24,725
Due to parishes	15,380	16,811
Accounts payable and accrued liabilities (note 9)	882,932	1,237,427
Bank loans - special purposes (note 10)	129,268	135,450
	1,075,640	1,414,413
Supplemental insurance reserve (note 11)	535,921	509,725
Long-term liabilities (note 12)	52,736	144,239
	1,664,297	2,068,377
Net assets:		
Invested in capital assets	5,490,527	3,886,698
Externally restricted (note 13(a))	2,048,673	2,003,228
Internally restricted (note 13(b))	4,195,013	4,523,655
General	3,602,856	3,137,248
	15,337,069	13,550,829
	$ 17,001,366	$ 15,619,206

See accompanying notes to consolidated financial statements.

On behalf of the Board:

____________________ Director ____________________ Director

THE SYNOD OF THE DIOCESE OF NIAGARA

Consolidated Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Diocesan assessment	$ 2,486,646	$ 2,661,862
Administrative fees and rental income	642,979	586,374
Government grants	11,995	11,817
Bishop's Company	32,340	37,116
Canterbury Hills (note 14)	726,387	500,818
Programs	97,003	105,582
Sundry	166,094	213,618
Interest income	12,170	5,934
Investment (loss) income	595,564	(565,258)
Insurance premiums from parishes	1,354,566	1,280,140
Parish payroll	9,253,021	9,156,897
	15,378,765	13,994,900
Expenses:		
General and Provincial Synod	674,637	665,417
Programs:		
Congregational support and development	119,049	189,297
Ministry support	127,447	229,688
Outreach support	4,980	6,539
Operations:		
Diocesan staff	1,702,337	1,628,905
Office administration, communication, and committees	283,303	703,464
Diocesan managed properties	364,379	430,591
Disestablished parish properties	46,233	36,427
Property staff	191,709	179,613
Other:		
Parish subsidies	124,621	191,623
Depreciation	419,113	326,367
Bad debts	114,910	254,087
Interest	768	334
Grants issued	119,229	88,980
Insurance	1,547,670	1,474,930
Parish payroll	9,253,021	9,156,897
Bishop's Company expenses	41,920	32,249
Canterbury Hills (note 14)	564,113	536,232
Total expenses	15,699,439	16,131,640
Deficiency of revenue over expenses before the undernoted	(320,674)	(2,136,740)
Gain on acquisition of properties (note 16)	1,940,000	1,740,000
Gross proceeds on sale of properties (note 15)	–	500,000
Restricted gifts and bequests (note 17)	213,908	310,611
Excess of revenues over expenses	$ 1,833,234	$ 413,871

See accompanying notes to consolidated financial statements.

THE SYNOD OF THE DIOCESE OF NIAGARA

Consolidated Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

	Invested in capital assets	Externally restricted	Internally restricted	General fund	Total 2023
Fund balance, beginning of year	$ 3,886,698	$ 2,003,228	$ 4,523,655	$ 3,137,248	$13,550,829
Excess (deficiency) of revenue over expense	(419,113)	75,445	(128,810)	2,305,712	1,833,234
Inter-fund transfers:					
Net change in invested in capital assets	2,022,942	–	–	(2,022,942)	–
Transfers between funds	–	(30,000)	(199,832)	229,832	–
Insurance fund	–	–	–	–	–
Supplemental insurance reserve (note 11)	–	–	–	(46,994)	(46,994)
Fund balance, end of year	$ 5,490,527	$ 2,048,673	$ 4,195,013	$ 3,602,856	$15,337,069

	Invested in capital assets	Externally restricted	Internally restricted	General fund	Total 2022
Fund balance, beginning of year	$ 2,228,326	$ 2,250,376	$ 4,388,221	$ 4,072,217	$12,939,140
Excess (deficiency) of revenue over expense	(326,367)	(83,148)	(204,752)	1,028,138	413,871
Inter-fund transfers:					
Net change in invested in capital assets	1,984,739	–	–	(1,984,739)	–
Transfers between funds	–	(164,000)	338,250	(174,250)	–
Insurance fund	–	–	1,936	(1,936)	–
Supplemental insurance reserve (note 11)	–	–	–	197,818	197,818
Fund balance, end of year	$ 3,886,698	$ 2,003,228	$ 4,523,655	$ 3,137,248	$13,550,829

See accompanying notes to consolidated financial statements.

THE SYNOD OF THE DIOCESE OF NIAGARA

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses for the year	$ 1,833,234	$ 413,871
Items not involving cash:		
Change in supplemental insurance liability	26,196	(159,321)
Actuarial (loss) gain on supplemental insurance liability	(46,994)	197,818
Depreciation	372,137	286,060
Depreciation - Canterbury Hills	46,976	40,307
Gain on acquisition of properties	(1,940,000)	(1,740,000)
Decrease (increase) in fair value of investments	(661,465)	656,714
Change in non-cash operating working capital:		
Deferred revenue	23,335	(20,522)
Restricted cash	8,262	2,433
Amounts receivable	(247,055)	(127,728)
Other receivables	123,732	59,264
Prepaid expenses	(90,189)	22,402
Due to parishes	(1,431)	(5,762)
Accounts payable and accrued liabilities	(354,495)	(14,683)
	(907,757)	(389,147)
Financing:		
Changes in long-term liabilities	(91,503)	(20,579)
Repayment of bank loans - special purposes	(6,182)	(29,991)
	(97,685)	(50,570)
Investing:		
Purchase of capital assets	(12,001)	(85,166)
Purchase of capital assets, Canterbury Hills	(70,941)	(159,573)
Investment contributions	(408,068)	(588,705)
Investment withdrawals	733,927	712,955
(Increase) decrease in short-term investments	(16,565)	16,483
Decrease in long-term receivables	520,745	154,808
Collection of loans receivable	25,952	25,492
	773,049	76,294
Decrease in cash	(232,393)	(363,423)
Cash, beginning of year	1,329,511	1,692,934
Cash, end of year	$ 1,097,118	$ 1,329,511

See accompanying notes to consolidated financial statements.

The Synod of the Diocese of Niagara (the "Diocese") is a Christian community of faith that geographically encompasses the area of the Niagara Peninsula, Greater Hamilton, the Region of Halton and portions of Wellington and Dufferin Counties, and Haldimand County and which includes approximately 80 Anglican parishes (congregations). The governance of the Diocese is done through The Synod of the Diocese of Niagara which was incorporated by an act of the Provincial Government of Ontario, assented to on February 10, 1876 and is a registered charity under the Income Tax Act. The Synod is comprised of the Bishop, clergy and designated representatives from each parish. The Bishop is the Chief Officer of the Diocese and, as such, provides oversight for the clergy and parishes who comprise the Diocese.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit entities in Part III of the CPA Canada Handbook. These consolidated financial statements do not include the operations nor the assets and liabilities of the individual parishes.

From time to time, the Diocese assumes the management of the Church properties from parishes or congregations (former parish properties). This can occur when a church is closed; when a parish or congregation is disestablished or amalgamated with another parish or congregation; or, when the Diocesan Council deems such action necessary. If church properties are disposed of, the Diocese is responsible for any such resulting gain or loss.

These consolidated financial statements include the operations of Canterbury Hills. Canterbury Hills operates a summer camp during the summer months and provides conference services during the remainder of the year. Administrative and financial services are provided to Canterbury Hills by the Diocese.

(b) Fund accounting:

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

The General Fund reports revenues and expenses related to program delivery and administrative activities. All investment income is recorded in the General Fund.

The Restricted Fund reports resources contributed for which the use is restricted by the donors or management.

1. Significant accounting policies (continued):

(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. If at the outset of the arrangement, the Diocese determines that collectability is not probable, the Diocese defers the revenue and recognizes the revenue when payment is received.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Diocese's ability to provide services, its carrying amount is written down to its residual value.

Land and buildings (churches, rectories, etc.), which are under the administration of the parishes, are not included in these financial statements.

Capital assets are amortized over the estimated useful lives of the assets on the straight-line basis at the following rates:

Asset	Basis
Buildings	10 to 40 years
Building improvements	5 to 10 years
Computer equipment	2 to 3 years
Furniture and fixtures	3 to 5 years
Vehicles	5 years

1. **Significant accounting policies (continued):**

   (e) Supplemental insurance benefits:

   The Diocese provides its active members and retirees with a life insurance benefit of $10,000 for active members and $8,000 for retirees. The Diocese maintains funds within their investments to fund the obligation. These funds are held by the Diocese and not as a segregated trust. As a result, these funds and the related investment income are not included in the actuarial valuation and subsequent extrapolations. Active clergy employees contribute at a rate of $6.67 and lay staff contribute at a rate of $2.50 to the fund per employee per pay cycle.

   The Diocese accrues its obligation using the accrued benefit method. The measurement date of the obligation coincides with the year end of the Diocese. The most recent full actuarial valuation was December 31, 2023.

   Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The accrued benefit obligation and current service costs for these plans are recognized using the accrued benefit method pro-rated on service, and income is charged with the cost of the benefits in the years in which the employees render the service which gives them the right to receive such benefits. Remeasurement and other items are recognized as a direct increase (decrease) in net assets and are not reclassified to the statement of operations in subsequent periods.

   (f) Contributed services:

   Because of the difficulty in determining their fair value, contributed services are not recognized in these consolidated financial statements.

1. Significant accounting policies (continued):

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Diocese has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred and are offset with investment income in the Statement of Operations. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Diocese determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Diocese expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Use of estimates:

The preparation of the consolidated financial statements 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 consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts due from parishes, loans receivables, long-term receivables and obligations related to supplemental insurance benefits. Actual results could differ from those estimates.

(i) Cash, bank overdraft and short-term investments:

Cash and cash equivalents consist of cash, bank overdrafts and short-term investments in money market or other short term instruments with maturity of less than 90 days.

2. Cash and bank indebtedness:

The Diocese considers deposits in banks and certificates of deposit as cash. The Diocese has a revolving demand line of credit with interest calculated at prime. There was no bank indebtedness balance as at December 31, 2023 (2022 - $nil). The limit on the line of credit was $1,500,000 as at December 31, 2023 (2022 - $1,500,000).

3. Restricted cash:

Restricted cash consists of funds received on behalf of parishes and funds received for the direct benevolent work of the Bishop.

4. Amounts receivable:

Amounts receivable from parishes consist of:

	2023	2022
Diocesan Mission and Ministries due from parishes	$ 802,211	$ 636,459
Insurance	61,623	58,241
Payroll due from parishes	64,575	75,863
Other	128,825	104,441
Provision for doubtful accounts	–	(64,825)
	$ 1,057,234	$ 810,179

5. Loans receivable:

Loans receivable are comprised as follows:

(a) Emergency Loans:

Emergency loans totaling $132,531 (2022 - $157,531) represent funds loaned to parishes for COVID-19 related expenses. During the pandemic each parish was able to apply for a loan of up to $10,000. As at December 31, 2023 the emergency loans are outstanding for thirteen parishes (2022 – Sixteen parishes) .

(b) Church Extension:

Church extension loans totaling $129,268 (2022 - $135,450) represent funds loaned to parishes for land, buildings and additions. The Diocese has borrowed money that has been re-loaned to the parishes to finance these church extension projects.

(c) Employee Loans:

Employee loans totaling $7,449 (2022 - $2,219) are bridging loans advanced to employees to cover EI processing time, which usually takes about 4-6 weeks. These are normally deducted back from employees upon receipt of EI payments. Only employees on authorized sick leave are eligible to access this loan.

6. Investments:

Investments are comprised as follows:

	2023	2022
Mutual and pooled funds	$ 6,013,287	$ 5,677,681

Investments include $535,921 (2022 - $509,725) set aside to fund the supplemental insurance benefits (see note 11).

7. Long-term receivables:

Parish	2023	2022
Parish operating debt:		
St. Paul, Caledonia	$ 134,888	$ 116,132
Cathedral Place, Hamilton	59,039	79,039
St. John's Rockwood	81,441	85,541
Holy Trinity, Fonthill	54,196	55,196
St. John the Evangelist, Niagara Falls	58,691	58,691
Grace Church, Arthur	36,808	36,808
All Saints, Welland	22,367	24,767
St. Paul's, Dunnville	34,313	–
St. Luke, Hamilton	–	177,515
Various disestablished parishes	109,898	71,837
	591,641	705,526
Parish mortgages and loans:		
St. Luke's Palermo	126,419	132,826
Church of the Incarnation, Oakville	60,576	61,029
	186,995	193,855
Vendor take back mortgages:		
2601265 Ontario Inc.	1,200,000	1,600,000
2706703 Ontario Inc.	750,000	750,000
	1,950,000	2,350,000
	2,728,636	3,249,381
Less amounts due within one year:		
2601265 Ontario Inc.	(1,200,000)	–
Total	$ 1,528,636	$ 3,249,381

The amounts due from parishes are unsecured with no fixed terms of repayment and do not bear any interest with the exception of St. Luke's Palermo and Church of the Incarnation. St. Luke's Palermo is unsecured and bears interest at a 4% fixed rate with repayments of $967 per month due April 1, 2028. Church of the Incarnation is unsecured, has no fixed terms of repayment and bears interest at prime plus 0.25% charged monthly.

2601265 Ontario Inc. is a mortgage that bears interest at a 7.45% fixed rate with no repayments. This amount was fully repaid May 8, 2024.

2706703 Ontario Inc. is a mortgage that bears interest at a 3% fixed rate with interest only monthly repayments of $1,875 until June 20, 2023. Thereafter, the loan will bear interest at a 4% fixed rate with interest only monthly repayments of $2,500 until the maturity date of November 20, 2025.

8. Capital assets:

			2023
	Cost	Accumulated amortization	Net book value
Land			
Canterbury Hills	$ 35,749	$ –	$ 35,749
Buildings			
Palermo Community Centre	2,496,163	872,488	1,623,675
Leasehold improvements	1,160,452	1,157,635	2,817
Residential condo units	3,746,787	277,679	3,469,108
Canterbury Hills	794,920	565,004	229,916
Building improvements	765,981	666,410	99,571
Computer equipment	313,195	312,194	1,001
Furniture and fixtures	184,414	155,724	28,690
Vehicles	15,370	15,370	–
	$ 9,513,031	$ 4,022,504	$ 5,490,527

			2022
	Cost	Accumulated amortization	Net book value
Land			
Canterbury Hills	$ 35,749	$ –	$ 35,749
Buildings			
Palermo Community Centre	2,496,163	747,680	1,748,483
Leasehold improvements	1,160,452	1,156,961	3,491
Residential condo units	1,806,787	90,339	1,716,448
Canterbury Hills	723,980	518,029	205,951
Building improvements	765,981	627,193	138,788
Computer equipment	311,201	304,376	6,825
Furniture and fixtures	174,406	143,443	30,963
Vehicles	15,370	15,370	–
	$ 7,490,089	$ 3,603,391	$ 3,886,698

Included in Palermo is a cost recovery of $257,858 relating to construction costs incurred by the Diocese on behalf of and repaid by the long-term care centre on the premises, a contribution by the parish to the construction costs and hydro permit refunds.

9. Accounts payable and accrued liabilities:

There are no government remittances payable included in accounts payable and accrued liabilities, including payroll related taxes (2022 - $nil).

10. Bank loans - special purposes:

	2023	2022
Loans obtained on behalf of parishes, due on demand, bearing interest at prime plus 0.25%, maturing from 2016 to 2028, with minimum annual repayments of $24,931	$ 129,268	$ 135,450

Principal repayments over the next four years are as follows:

2024	$ 24,931
2025	24,931
2026	24,931
2027	54,475
	$ 129,268

11. Supplemental insurance benefits:

The Diocese self-insures certain life insurance benefits for current and retired employees. Current employees are entitled to $10,000 if actively employed at the time of death and retirees are entitled to $8,000 upon death. If a current employee leaves the Diocese before retirement their benefit is forfeited.

The Diocese measures its benefit obligation for accounting purposes based on the most recent actuarial valuation which was as at December 31, 2023. The obligation estimate is reviewed annually, and a full actuarial valuation is completed every three years.

	2023	2022
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 509,725	$ 699,046
Actuarial gain	46,994	(197,818)
Interest costs	27,202	24,497
Benefit payments	(48,000)	(16,000)
Benefit obligation, end of year	$ 535,921	$ 509,725

12. Long-term liabilities:

Included in long-term liabilities is $ 52,736 (2022 - $ 52,736) related to Lambeth Conference and $nil (2022 - $91,503) relating to the Residential Schools Healing Fund. In consultation with the Anglican Church of Canada, the Diocese has renewed its commitment to the work of truth, reconciliation and indigenous ministries. These funds are held in a Diocesan investment fund designated for this purpose.

13. Restricted fund balances:

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

	2023	2022
Theological education	$ 409,298	$ 409,298
Episcopal support	347,333	347,333
Other	373,439	373,439
Mission work	151,803	151,803
Youth and children's work	15,000	15,000
Canterbury Hills	751,800	706,355
	$ 2,048,673	$ 2,003,228

These fund balances represent the value of funds received less drawings over time.

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

	2023	2022
New church development from parish proceeds	$ 2,003,573	$ 2,051,322
Parish sale proceeds	623,472	748,472
Legal reserve fund	100,550	50,000
Residential schools fund	(8,497)	91,503
Closed parishes	73,046	219,806
Girls' Friendly Society / Holiday House fund	172,158	172,158
Church insurance fund	144,672	162,874
Church planting reserve fund	155,000	110,000
Property renewal reserve fund	87,805	96,882
Minnie Easter estate	41,356	41,356
Investment review fund	38,744	38,744
Stephen Hopkins leadership fund	32,758	51,301
Other	16,624	16,625
Dorothy Elizabeth Roberts' estate	8,365	8,365
E. Ferres	7,115	7,115
Paul Austin Moore estate	6,000	6,000
Canon D. Ricketts bursary fund	9,245	8,525
William Aspel legacy fund	5,000	5,000
Differentiated Curacies reserve fund	325,000	275,000
Capital reserve fund	176,455	176,455
James Wellington Upson estate	111,786	111,786
Canterbury Hills	520	520
Bishop's Company	64,266	73,846
	$ 4,195,013	$ 4,523,655

The use of these funds is governed by the restrictions set by the donee, as applicable.

14. Canterbury Hills:

		2023		2022
Revenues:				
Canterbury Hills (unrestricted)	$	650,942	$	583,966
Canterbury Hills (externally restricted)		75,445		(83,148)
	$	726,387	$	500,818
Expenses:				
Canterbury Hills (unrestricted)	$	564,113	$	536,232
	$	564,113	$	536,232

15. Gross proceeds on sale of properties:

There is no gross proceeds on the sale of properties in 2023.

		2023		2022
All Saints, Hagersville	$	–		500,000
	$	–	$	500,000

16. Sale of All Saints, Hamilton:

The Diocese acquired an office/institutional condominium unit and three residential condominium units as part of a sale and development agreement for the All Saints, Hamilton Property. In 2022, the three condominiums were completed and were recorded at their appraised fair market value of $1,740,000 plus acquisition costs of $66,787. In 2023, the office unit was completed and recorded at its appraised fair market value of $1,940,000.

As a result of this agreement, the Diocese has forgiven the parish's debt including obligations arising from the development activities as well as any debt arising for the parish's diocesan mission and ministry assessments, insurance payments and employment costs through 2020. A total of $45,511 of long-term receivables and $141,614 of amounts receivable were recognized as bad debt in 2022.

17. Restricted gifts and bequests:

Restricted gifts in 2023 totaled $213,908 (2022 - $310,611) which consists of donations of $nil (2022 - $111,250) and unrealized investment income of $213,908 (2022 - $199,361). These relate to gifts to the Closed Parish Fund. The funds are held within the Diocesan investments.

18. Parish funds:

a) From time to time, parishes deposit funds through the Diocese for investment purposes. The funds are not reflected in the financial statements of the Diocese. The capital and income earned thereon remain the property of the contributing parish. At December 31, 2023, the fair market value of the parish, Diocese, and Anglican Church Ministries Foundation funds invested through the Diocese amounted to $51,444,567 (2022 - $47,865,903).

b) The Diocese is affiliated with the Anglican Church Ministries Foundation (the "Foundation") by virtue of their joint control by Synod Council. The Foundation was established to raise funds for the use of the Diocese and its Bishop in their mission work. The Foundation is incorporated under the Act by letters of patent on January 1, 1999 and is a registered charity under the Income Tax Act. At December 31, 2023, the Foundation held net assets in the amount of approximately $27.6 million (2022 - $25.2 million), the benefit of which will accrue to the Diocese and some of its affiliates in the future.

   Investment administration fees of $28,050 (2022 - $27,500) were charged by the Diocese to the Foundation and have been included in Administrative fees and rental income on the Statement of Operations.

19. Financial instruments:

(a) Currency risk:

The Diocese is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Diocese purchases investments denominated in foreign currencies. There has been no change to the risk exposure from 2022.

(b) Liquidity risk:

Liquidity risk is the risk that the Diocese will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Diocese manages its liquidity risk by monitoring its operating requirements. The Diocese prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2022.

19. Financial instruments (continued):

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Diocese is exposed to credit risk with respect to the amounts due from parishes, loans receivable, and long-term receivables. The Diocese assesses, on a continuous basis, these balances and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to the risk exposure from 2022.

(d) Interest rate risk:

The Diocese's long-term debt has a variable interest rate based on prime. As a result, the Diocese is exposed to interest rate risk due to fluctuations in the prime rate. There has been no change to the risk exposure from 2022.

(e) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The Diocese's investment activities involve investments in mutual funds which are monitored by an investment committee as well as management. There has been no change to the risk exposure from 2022.