

Consolidated Financial Statements of

**THE SYNOD OF THE
DIOCESE OF NIAGARA**

And Independent Auditor's Report thereon

Year ended December 31, 2024

**KPMG LLP**

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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, 2024
- 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, 2024, 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, 2024 and December 31, 2023
- the fundraising revenues and excess of revenues over expenses reported in the consolidated statements of operations for the years ended December 31, 2024 and 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 years ended December 31, 2024 and December 31, 2023
- the excess of revenues over expenses reported in the consolidated statements of cash flows for the years ended December 31, 2024 and 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.
- 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.



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- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 17, 2025

THE SYNOD OF THE DIOCESE OF NIAGARA

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash (note 2)	\$ 1,132,745	\$ 1,097,118
Short-term investments	17,255	16,565
Restricted cash (note 3)	88,233	88,642
Amounts receivable (note 4)	1,215,349	1,057,234
Other receivables	231,552	141,116
Current portion of long-term receivables (note 7)	750,000	1,200,000
Prepaid expenses	109,784	98,993
Loans receivable (note 5)	252,110	269,248
	3,797,028	3,968,916
Investments (note 6)	7,021,623	6,013,287
Long-term receivables (note 7)	904,982	1,528,636
Capital assets (note 8)	5,164,932	5,490,527
	\$ 16,888,565	\$ 17,001,366

Liabilities and Net Assets

Current liabilities:		
Deferred revenue	\$ 3,403	\$ 48,060
Due to parishes	9,348	15,380
Accounts payable and accrued liabilities (note 9)	722,245	882,932
Bank loans - special purposes (note 10)	122,731	129,268
	857,727	1,075,640
Supplemental insurance reserve (note 11)	551,342	535,921
Long-term liabilities (note 12)	52,741	52,736
	1,461,810	1,664,297
Net assets:		
Invested in capital assets	5,164,932	5,490,527
Externally restricted (note 13(a))	2,159,425	2,048,673
Internally restricted (note 13(b))	4,241,548	4,195,013
General	3,860,850	3,602,856
	15,426,755	15,337,069
	\$ 16,888,565	\$ 17,001,366

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, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Diocesan assessment	\$ 2,415,925	\$ 2,486,646
Administrative fees and rental income	708,520	642,979
Government grants	—	11,995
Bishop's Company	63,722	32,340
Canterbury Hills (note 14)	889,545	726,387
Programs	94,508	112,051
Other income	176,302	104,458
Donations and Grants for Missions	140,016	61,636
Interest income	16,819	12,170
Investment income	849,710	595,564
Insurance premiums from parishes	1,408,361	1,354,566
Parish payroll receipts	9,341,910	9,253,021
	16,105,338	15,393,813
Expenses:		
General and Provincial Synod	612,898	674,637
Programs:		
Congregational support and development	133,766	119,049
Ministry support	102,687	127,447
Outreach support	8,670	4,980
Operations:		
Diocesan staff	1,855,793	1,702,337
Office administration, communication, and committees	510,034	298,351
Diocesan managed properties	352,020	364,379
Disestablished parish properties	50,322	46,233
Property staff	213,272	191,709
Other:		
Parish subsidies	104,130	124,621
Depreciation	428,389	419,113
Bad debts	18,139	114,910
Interest	609	768
Grants issued	—	119,229
Insurance	1,624,776	1,547,670
Bishop's Company expenses	83,083	41,920
Canterbury Hills (note 14)	762,824	564,113
Parish payroll disbursements	9,341,910	9,253,021
Total expenses	16,203,322	15,714,487
Deficiency of revenue over expenses before the undernoted	(97,984)	(320,674)
Gain on acquisition of properties (note 15)	—	1,940,000
Restricted gifts and bequests (note 16)	192,620	213,908
Excess of revenues over expenses	\$ 94,636	\$ 1,833,234

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, 2024, with comparative information for 2023

	Invested in capital assets	Externally restricted	Internally restricted	General fund	2024 Total
Fund balance, beginning of year	\$ 5,490,527	\$ 2,048,673	\$ 4,195,013	\$ 3,602,856	\$ 15,337,069
Excess (deficiency) of revenue over expense	(428,389)	110,752	12,965	399,308	94,636
Inter-fund transfers:					
Net change in invested in capital assets	102,794	—	—	(102,794)	—
Transfers between funds	—	—	25,632	(25,632)	—
Insurance fund	—	—	7,938	(7,938)	—
Supplemental insurance reserve (note 11)	—	—	—	(4,950)	(4,950)
Fund balance, end of year	\$ 5,164,932	\$ 2,159,425	\$ 4,241,548	\$ 3,860,850	\$ 15,426,755

	Invested in capital assets	Externally restricted	Internally restricted	General fund	2023 Total
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	—
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

See accompanying notes to consolidated financial statements.

THE SYNOD OF THE DIOCESE OF NIAGARA

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses for the year	\$ 94,636	\$ 1,833,234
Items not involving cash:		
Change in supplemental insurance liability	15,421	26,196
Actuarial loss on supplemental insurance liability	(4,950)	(46,994)
Depreciation	163,766	372,137
Depreciation - Canterbury Hills	49,312	46,976
Disposal of capital assets	225,034	—
Gain on acquisition of properties	—	(1,940,000)
Increase in fair value of investments	(951,379)	(661,465)
Change in non-cash operating working capital:		
Deferred revenue	(44,657)	23,335
Restricted cash	409	8,262
Amounts receivable	(158,115)	(247,055)
Other receivables	359,564	123,732
Prepaid expenses	(10,791)	(90,189)
Due to parishes	(6,032)	(1,431)
Accounts payable and accrued liabilities	(160,687)	(354,495)
	(428,469)	(907,757)
Financing:		
Changes in long-term liabilities	5	(91,503)
Repayment of bank loans - special purposes	(6,537)	(6,182)
	(6,532)	(97,685)
Investing:		
Purchase of capital assets	(98,696)	(12,001)
Purchase of capital assets - Canterbury Hills	(13,821)	(70,941)
Investment contributions	(524,825)	(408,068)
Investment withdrawals	467,868	733,927
Increase in short-term investments	(690)	(16,565)
Decrease in long-term receivables	623,654	520,745
Collection of loans receivable	17,138	25,952
	470,628	773,049
Increase (decrease) in cash	35,627	(232,393)
Cash, beginning of year	1,097,118	1,329,511
Cash, end of year	\$ 1,132,745	\$ 1,097,118

See accompanying notes to consolidated financial statements.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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

(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 completed on March 14, 2025.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Supplemental insurance benefits (continued):

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.

(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.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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 \$1,500,000 revolving demand line of credit with interest calculated at prime. There was no bank indebtedness balance as at December 31, 2024 (2023 - \$nil).

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:

	2024	2023
Diocesan Mission and Ministries due from parishes	\$ 809,553	\$ 802,211
Insurance	96,130	61,623
Payroll due from parishes	155,044	64,575
Other	154,622	128,825
	<u>\$ 1,215,349</u>	<u>\$ 1,057,234</u>

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Loans receivable:

Loans receivable are comprised as follows:

(a) Emergency Loans:

Emergency loans totaling \$127,531 (2023 - \$132,531) 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, 2024, the emergency loans are outstanding for twelve parishes (2023 - thirteen parishes).

(b) Church Extension:

Church extension loans totaling \$122,731 (2023 - \$129,268) 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 \$1,848 (2024 - \$7,449) are bridging loans advanced to employees to cover EI processing time, which usually takes about 4 to 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:

	2024	2023
Russell Canadian Fixed Income Fund	\$ 1,123,460	\$ 1,022,259
Russell ESG Global Equity Fund	3,229,947	2,826,245
Russell Canadian Equity Pool	842,595	721,594
Russell Global Infrastructure Pool	702,162	481,063
Russell Global Real Estate Pool	631,946	541,196
Russell Global Credit Pool	491,513	420,930
	<u>\$ 7,021,623</u>	<u>\$ 6,013,287</u>

Investments include \$551,342 (2023 - \$535,921) set aside to fund the supplemental insurance benefits (see note 11).

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Investments (continued):

The investments are pooled with the investments held by the Anglican Church Ministries Foundation, Niagara ("AMCF") and parishes and overseen by the Investment Advisory Committee. The objective is to sustain a certain level of investments in order to sustain the needs of the Synod of the Diocese of Niagara, the ACMF and parishes. This objective is fulfilled by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the "SIPP"), which is reviewed periodically by the Investment Advisory Committee and approved by Synod Council. The SIPP was established on June 28, 2002 and later amended and restated. The last amended and restated effective date was November 23, 2021.

7. Long-term receivables:

	2024	2023
Parish debt:		
St. Paul, Caledonia	\$ 137,863	\$ 134,888
Christ's Church Cathedral, Hamilton	44,039	59,039
St. John's Rockwood	77,241	81,441
Holy Trinity, Fonthill	53,296	54,196
St. John the Evangelist, Niagara Falls	58,691	58,691
Grace Church, Arthur	36,808	36,808
All Saints, Welland	20,167	22,367
St. Paul's, Dunnville	—	34,313
Various disestablished parishes	297,203	109,898
	725,308	591,641
Parish mortgages and loans:		
St. Luke's Palermo	119,750	126,419
Church of the Incarnation, Oakville	59,924	60,576
	179,674	186,995
Vendor take back mortgages:		
2601265 Ontario Inc.	—	1,200,000
2706703 Ontario Inc.	750,000	750,000
	750,000	1,950,000
	1,654,982	2,728,636
Less amounts due within one year:		
2601265 Ontario Inc.	—	(1,200,000)
2706703 Ontario Inc.	(750,000)	—
Total	\$ 904,982	\$ 1,528,636

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

7. Long-term receivables (continued):

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 bears interest at a 4% fixed rate with interest only monthly repayments of \$2,500 until the maturity date of November 20, 2025.

The long-term receivables from the disestablished parishes will be recovered upon sale or redevelopment of their respective properties.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

8. Capital assets:

			2024
	Cost	Accumulated amortization	Net book value
Land:			
Canterbury Hills	\$ 35,749	\$ –	\$ 35,749
Buildings:			
Palermo Community Centre	2,496,163	997,296	1,498,867
Leasehold improvements	1,160,452	1,158,308	2,144
Residential condo units	1,806,787	271,018	1,535,769
Church condo units	1,940,000	194,000	1,746,000
Canterbury Hills	808,741	614,316	194,425
Building improvements	840,485	714,830	125,655
Computer equipment	105,700	101,789	3,911
Furniture and fixtures	191,067	168,655	22,412
Vehicles	15,370	15,370	–
	\$ 9,400,514	\$ 4,235,582	\$ 5,164,932

			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	1,806,787	180,679	1,626,108
Church condo units	1,940,000	97,000	1,843,000
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

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.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Accounts payable and accrued liabilities:

There are no government remittances payable included in accounts payable and accrued liabilities, including payroll related taxes (2023 - \$nil).

10. Bank loans special purposes:

	2024	2023
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	\$ 122,731	\$ 129,268

Principal repayments over the next four years are as follows:

2025	\$ 24,931
2026	24,931
2027	24,931
2028	24,931
Thereafter	23,007
	\$ 122,731

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, 2024. The obligation estimate is reviewed annually, and a full actuarial valuation is completed every three years.

	2024	2023
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 535,921	\$ 509,725
Actuarial gain	4,950	46,994
Interest costs	26,471	27,202
Benefit payments	(16,000)	(48,000)
Benefit obligation, end of year	\$ 551,342	\$ 535,921

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

12. Long-term liabilities:

Included in long-term liabilities is \$52,736 (2023 - \$52,736) related to Lambeth Conference. 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:

	2024	2023
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	862,552	751,800
	<u>\$ 2,159,425</u>	<u>\$ 2,048,673</u>

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

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

13. Restricted fund balances (continued):

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

	2024	2023
Walking on Water fund	\$ 2,587,845	\$ 2,627,045
Legal reserve fund	525,550	100,550
Residential schools fund	(8,497)	(8,497)
Closed parishes	(552)	73,046
Girls' Friendly Society / Holiday House fund	172,158	172,158
Church insurance fund	152,610	144,672
Church planting reserve fund	90,000	155,000
Property renewal reserve fund	74,214	87,805
Minnie Easter estate	16,356	41,356
Investment review fund	38,744	38,744
Stephen Hopkins leadership fund	22,733	32,758
Other	17,146	17,144
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	10,445	9,245
William Aspel legacy fund	5,000	5,000
Differentiated Curacies reserve fund	169,947	325,000
Capital reserve fund	188,955	176,455
James Wellington Upson estate	36,786	111,786
Bishop's Company	44,906	64,266
Joyce Wilton Bursary Fund	19,722	—
Cathedral Place Building Fund	45,000	—
Severance & Transition Fund	11,000	—
	\$ 4,241,548	\$ 4,195,013

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

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Canterbury Hills:

	2024	2023
Revenues:		
Canterbury Hills (unrestricted)	\$ 778,793	\$ 650,942
Canterbury Hills (externally restricted)	110,752	75,445
	<u>\$ 889,545</u>	<u>\$ 726,387</u>
Expenses:		
Canterbury Hills (unrestricted)	\$ 762,824	\$ 564,113
	<u>\$ 762,824</u>	<u>\$ 564,113</u>

15. 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 church unit was completed and recorded at its appraised fair market value of \$1,940,000.

16. Restricted gifts and bequests:

Restricted gifts in 2024 totaled \$192,620 (2023 - \$213,908) which consists of donations of \$200 (2023 - \$nil) and realized investment income of \$192,420 (2023 - \$213,908). These relate to gifts to the Closed Parish Fund. The funds are held within the Diocesan investments.

17. 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, 2024, the fair market value of the parish, Diocese, and Anglican Church Ministries Foundation funds invested through the Diocese amounted to \$56,527,140 (2023 - \$51,444,567).

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

17. Parish funds (continued):

- (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, 2024, the Foundation held net assets in the amount of approximately \$32.1 million (2023 - \$27.6 million), the benefit of which will accrue to the Diocese and some of its affiliates in the future.

Investment administration fees of \$29,000 (2023 - \$28,050) were charged by the Diocese to the Foundation and have been included in administrative fees and rental income on the Statement of Operations.

18. 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 2023.

- (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 2023.

- (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 2023.

- (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 2023.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Financial instruments (continued):

(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 2023.