

Consolidated Financial Statements of

**THE SYNOD OF THE
DIOCESE OF NIAGARA**

And Independent Auditor's Report thereon

Year ended December 31, 2025

**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 December 31, 2025
- 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, 2025, 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 the 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 December 31, 2025 and December 31, 2024
- the fundraising revenues and excess of revenues over expenses reported in the consolidated statements of operations for the years ended December 31, 2025 and December 31, 2024



- 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, 2025 and December 31, 2024
- the excess of revenues over expenses reported in the consolidated statements of cash flows for the years ended December 31, 2025 and December 31, 2024

Our opinion on the financial statements for the year ended December 31, 2024 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 16, 2026

THE SYNOD OF THE DIOCESE OF NIAGARA

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash (note 2)	\$ 5,625,180	\$ 1,132,745
Short-term investments	34,000	17,255
Restricted cash (note 3)	84,804	88,233
Amounts receivable (note 4)	1,399,177	1,215,349
Other receivables	231,498	231,552
Current portion of long-term receivables (note 7)	—	750,000
Prepaid expenses	96,038	109,784
Loans receivable (note 5)	226,479	252,110
	<u>7,697,176</u>	<u>3,797,028</u>
Investments (note 6)	7,328,082	7,021,623
Long-term receivables (note 7)	1,144,530	904,982
Capital assets (note 8)	4,890,943	5,164,932
Intangible assets (note 9)	20,528	—
	<u>\$ 21,081,259</u>	<u>\$ 16,888,565</u>
Liabilities and Net Assets		
Current liabilities:		
Deferred revenue	\$ 4,153	\$ 3,403
Due to parishes	9,480	9,348
Accounts payable and accrued liabilities (note 10)	979,618	722,245
Bank loans - special purposes (note 11)	113,426	122,731
	<u>1,106,677</u>	<u>857,727</u>
Supplemental insurance reserve (note 12)	520,976	551,342
Long-term liabilities (note 13)	52,736	52,741
	<u>1,680,389</u>	<u>1,461,810</u>
Net assets:		
Invested in capital assets	4,890,943	5,164,932
Externally restricted (note 14(a))	2,253,433	2,159,425
Internally restricted (note 14(b))	5,588,081	4,241,548
General	6,668,413	3,860,850
	<u>19,400,870</u>	<u>15,426,755</u>
	<u>\$ 21,081,259</u>	<u>\$ 16,888,565</u>

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, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Diocesan assessment	\$ 2,663,852	\$ 2,415,925
Administrative fees and rental income	698,088	708,520
Government grants	64,153	—
Bishop's Company	61,248	63,722
Canterbury Hills (note 15)	951,787	889,545
Programs	65,865	94,508
Other income	128,463	176,302
Donations and Grants for Missions	224,506	140,016
Interest income	10,752	16,819
Investment income	716,244	849,710
Insurance premiums from parishes	1,422,658	1,408,361
Parish payroll receipts	9,766,569	9,341,910
	16,774,185	16,105,338
Expenses:		
General and Provincial Synod	587,108	612,898
Programs:		
Congregational support and development	21,378	133,766
Missional expenses	83,041	—
Ministry support	109,382	102,687
Outreach support	13,381	8,670
Operations:		
Diocesan staff	1,862,340	1,855,793
Office administration, communication, and committees	608,460	510,034
Diocesan managed properties	265,085	352,020
Disestablished parish properties	318,571	50,322
Property staff	216,244	213,272
Other:		
Parish subsidies	175,304	104,130
Depreciation	462,239	428,389
Bad debts	33,573	18,139
Interest	—	609
Insurance	1,636,144	1,624,776
Bishop's Company expenses	55,600	83,083
Canterbury Hills (note 15)	834,024	762,824
Parish payroll disbursements	9,766,569	9,341,910
Total expenses	17,048,443	16,203,322
Deficiency of revenue over expenses before the undernoted	(274,258)	(97,984)
Gain on sale of properties (note 16)	4,061,367	—
Restricted gifts and bequests (note 17)	185,292	192,620
Excess of revenues over expenses	\$ 3,972,401	\$ 94,636

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, 2025, with comparative information for 2024

	Invested in capital assets	Externally restricted	Internally restricted	General fund	2025 Total
Fund balance, beginning of year	\$ 5,164,932	\$ 2,159,425	\$ 4,241,548	\$ 3,860,850	\$ 15,426,755
Excess (deficiency) of revenue over expense	(462,239)	94,008	5,649	4,334,983	3,972,401
Inter-fund transfers:					
Net change in invested in capital assets	188,250	—	—	(188,250)	—
Transfers between funds	—	—	1,315,892	(1,315,892)	—
Insurance fund	—	—	24,992	(24,992)	—
Supplemental insurance reserve (note 12)	—	—	—	1,714	1,714
Fund balance, end of year	\$ 4,890,943	\$ 2,253,433	\$ 5,588,081	\$ 6,668,413	\$ 19,400,870

	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 12)	—	—	—	(4,950)	(4,950)
Fund balance, end of year	\$ 5,164,932	\$ 2,159,425	\$ 4,241,548	\$ 3,860,850	\$ 15,426,755

See accompanying notes to consolidated financial statements.

THE SYNOD OF THE DIOCESE OF NIAGARA

Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses for the year	\$ 3,972,401	\$ 94,636
Items not involving cash:		
Change in supplemental insurance liability	(30,366)	15,421
Actuarial gain (loss) on supplemental insurance liability	1,714	(4,950)
Depreciation	412,650	163,766
Depreciation - Canterbury Hills	49,589	49,312
Disposal of capital assets	—	225,034
Increase in fair value of investments	(811,915)	(951,379)
Change in non-cash operating working capital:		
Deferred revenue	750	(44,657)
Restricted cash	3,429	409
Amounts receivable	(183,828)	(158,115)
Other receivables	54	359,564
Prepaid expenses	13,746	(10,791)
Due to parishes	132	(6,032)
Accounts payable and accrued liabilities	257,373	(160,687)
	3,685,729	(428,469)
Financing:		
Changes in long-term liabilities	(5)	5
Repayment of bank loans - special purposes	(9,305)	(6,537)
	(9,310)	(6,532)
Investing:		
Purchase of capital assets	(177,279)	(98,696)
Purchase of capital assets - Canterbury Hills	(10,971)	(13,821)
Purchase of intangible assets	(20,528)	—
Investment contributions	(119,900)	(524,825)
Investment withdrawals	625,356	467,868
Increase in short-term investments	(16,745)	(690)
Decrease in long-term receivables	510,452	623,654
Collection of loans receivable	25,631	17,138
	816,016	470,628
Increase in cash	4,492,435	35,627
Cash, beginning of year	1,132,745	1,097,118
Cash, end of year	\$ 5,625,180	\$ 1,132,745

See accompanying notes to consolidated financial statements.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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 Organizations 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 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. 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 unallocated 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. For the period ending December 31, 2025, the Restricted Fund includes the accumulated investment income for the internally restricted funds.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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) Intangible assets:

Intangible assets are initially recognized and measured at cost. Website costs are amortized on a straight-line basis over three years. The carrying value of an intangible asset which is subject to amortization is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount is not recoverable and exceeds its fair value. Impairment losses are not subsequently reversed.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(f) Supplemental insurance benefits:

The Diocese provides its active members and retirees with a life insurance benefit. The Diocese maintains funds within its 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.

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.

(g) Contributed services:

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

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(h) 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.

(i) 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 receivable, long-term receivables and obligations related to supplemental insurance benefits. Actual results could differ from those estimates.

(j) 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:

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, 2025 (2024 - \$nil).

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

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:

	2025	2024
Diocesan Mission and Ministries due from parishes	\$ 962,384	\$ 809,553
Insurance	136,479	96,130
Payroll due from parishes	185,710	155,044
Other	147,978	154,622
Provision for doubtful accounts	(33,374)	—
	\$ 1,399,177	\$ 1,215,349

5. Loans receivable:

Loans receivable are comprised as follows:

(a) Emergency Loans:

Emergency loans totaling \$111,331 (2024 - \$127,531) 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, 2025, the emergency loans are outstanding for eleven parishes (2024 - twelve parishes).

(b) Church Extension:

Church extension loans totaling \$113,426 (2024 - \$122,731) 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 \$1,722 (2024 - \$1,848) are bridging loans advanced to employees to cover EI processing time, which usually takes about 4 to 6 weeks.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

6. Investments:

Investments are comprised as follows:

	2025	2024
Russell Canadian Fixed Income Fund	\$ 1,191,408	\$ 1,123,460
Russell ESG Global Equity Fund	3,239,540	3,229,947
Russell Canadian Equity Pool	521,945	842,595
Russell Global Infrastructure Pool	567,460	702,162
Russell Global Real Estate Pool	343,883	631,946
Russell Global Credit Pool	708,232	491,513
Russell Emerging Markets Equity Pool	442,765	—
Russell Global Smaller Companies Pool	212,849	—
Bonds	100,000	—
	<u>\$ 7,328,082</u>	<u>\$ 7,021,623</u>

Investments include \$520,976 (2024 - \$551,342) set aside to fund the supplemental insurance benefits (see note 12).

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 June 17, 2025.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

7. Long-term receivables:

	2025	2024
Parish debt:		
St. Paul, Caledonia	\$ 135,644	\$ 137,863
Christ's Church Cathedral, Hamilton	29,039	44,039
St. John's, Rockwood	74,441	77,241
Holy Trinity, Fonthill	52,896	53,296
St. John the Evangelist, Niagara Falls	54,191	58,691
Grace Church, Arthur	36,808	36,808
All Saints, Welland	18,367	20,167
Various disestablished parishes	101,393	297,203
	502,779	725,308
Parish mortgages and loans:		
St. Luke's, Palermo	112,810	119,750
Church of the Incarnation, Oakville	28,941	59,924
	141,751	179,674
Vendor take back mortgages:		
2706703 Ontario Inc.	500,000	750,000
	1,144,530	1,654,982
Less amounts due within one year:		
2706703 Ontario Inc.	—	(750,000)
Total	\$ 1,144,530	\$ 904,982

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.

2706703 Ontario Inc. is a mortgage that bears interest at a 3% fixed rate with interest only monthly payments of \$1,875 until June 20, 2023. Thereafter, the loan bears interest at a 4% fixed rate with interest only monthly payments of \$2,500 until November 20, 2025. Subsequently, the loan bears interest at a 5.5% fixed rate with interest only monthly payments of \$2,292 until the maturity date of November 20, 2027.

The long-term receivables from the disestablished parishes will be recovered upon sale or redevelopment of their respective properties. During the year, \$237,450 of the receivable relating to St. Elizabeth Anglican Church was recovered following the sale of the property (see note 16).

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

8. Capital assets:

			2025
	Cost	Accumulated amortization	Net book value
Land:			
Canterbury Hills	\$ 35,749	\$ –	\$ 35,749
Buildings:			
Palermo Community Centre	2,496,163	1,122,104	1,374,059
Leasehold improvements	1,160,452	1,158,465	1,987
Residential condo units	1,806,787	361,357	1,445,430
Church condo units	1,940,000	291,000	1,649,000
Canterbury Hills	812,697	656,890	155,807
Building improvements	918,835	771,134	147,701
Computer equipment	143,447	120,662	22,785
Furniture and fixtures	252,248	193,823	58,425
Vehicles	15,370	15,370	–
	\$ 9,581,748	\$ 4,690,805	\$ 4,890,943

			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

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, 2025

9. Intangible assets:

				2025
	Cost	Accumulated amortization	Net book value	
Web design	\$ 83,842	\$ 63,314	\$	20,528

				2024
	Cost	Accumulated amortization	Net book value	
Web design	\$ 63,314	\$ 63,314	\$	–

10. Accounts payable and accrued liabilities:

There are no government remittances payable included in accounts payable and accrued liabilities, including payroll related taxes (2024 - \$nil).

11. Bank loans - special purposes:

	2025	2024
Loan obtained on behalf of parishes, due on demand, bearing interest at prime less 0.25%, maturing in 2034, with minimum annual principal and interest repayments of \$14,950	\$ 113,426	\$ 122,731

Principal repayments over the next five years and thereafter are as follows:

2026	\$ 9,305
2027	9,305
2028	9,305
2029	9,305
2030	9,305
Thereafter	66,901
	\$ 113,426

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

12. 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.

	2025	2024
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 551,342	\$ 535,921
Actuarial (loss) gain	(1,714)	4,950
Interest costs	27,348	26,471
Benefit payments	(56,000)	(16,000)
Benefit obligation, end of year	\$ 520,976	\$ 551,342

13. Long-term liabilities:

Long-term liabilities consists of \$52,736 (2024 - \$52,741) related to Lambeth Conference.

14. Restricted fund balances:

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

	2025	2024
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	956,560	862,552
	\$ 2,253,433	\$ 2,159,425

These fund balances represent the value of funds received.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

14. Restricted fund balances (continued):

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

	2025	2024
Parish proceeds fund	\$ 2,345,268	\$ 2,587,845
Legal reserve fund	340,737	525,550
Truth, Reconciliation and Indigenous Ministries Fund	113,303	(8,497)
Closed parishes fund	188,712	(552)
Girls' Friendly Society / Holiday House fund	857,531	172,158
Church insurance fund	385,009	152,610
Church planting reserve fund	88,448	90,000
Property renewal reserve fund	95,264	74,214
Minnie Easter estate	106,735	16,356
Investment review fund	117,564	38,744
Stephen Hopkins leadership fund	50,845	22,733
Dorothy Elizabeth Roberts' estate	41,667	8,365
E. Ferres	35,440	7,115
Paul Austin Moore estate	21,385	6,000
Canon D. Ricketts bursary fund	16,998	10,445
William Aspel legacy fund	24,905	5,000
Differentiated Curacies reserve fund	281,361	169,947
Capital reserve fund	215,016	188,955
James Wellington Upson estate	61,424	36,786
Bishop's Company	50,554	44,906
Joyce Wilton Bursary fund	24,131	19,722
Cathedral Place Building fund	50,267	45,000
Severance & Transition fund	12,287	11,000
Other reserve funds less than \$10,000	63,230	17,146
	\$ 5,588,081	\$ 4,241,548

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, 2025

15. Canterbury Hills:

	2025	2024
Revenues:		
Canterbury Hills (unrestricted)	\$ 857,779	\$ 778,793
Canterbury Hills (externally restricted)	94,008	110,752
	<u>\$ 951,787</u>	<u>\$ 889,545</u>
Expenses:		
Canterbury Hills (unrestricted)	\$ 834,024	\$ 762,824

16. Sale of St. Elizabeth Anglican Church, Burlington:

During the year, the St. Elizabeth Anglican Church, Burlington property was sold, resulting in a gain on sale of \$4,061,367.

Sale per agreement	\$ 4,500,000
Less:	
Commissions and legal fees	(201,183)
Property holding costs	(37,450)
Dowry to Burlington Anglican Lutheran Church	(200,000)
	<u>\$ 4,061,367</u>

17. Restricted gifts and bequests:

Restricted gifts in 2025 totaled \$185,292 (2024 - \$192,620) which consist of donations of \$nil (2024 - \$200) and realized investment income of \$185,292 (2024 - \$192,420). These relate to gifts to the Closed Parishes 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, 2025, the fair market value of the parish, Diocese, and Anglican Church Ministries Foundation funds invested through the Diocese amounted to \$61,325,029 (2024 - \$56,527,140).

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

18. 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 Province of Ontario by letters of patent issued on January 1, 1999. It is governed by the Not-For-Profit Corporations Act (Ontario) and is a registered charity under the Income Tax Act. At December 31, 2025, the Foundation held net assets in the amount of approximately \$35.2 million (2024 - \$32.5 million), the benefit of which will accrue to the Diocese and some of its affiliates in the future.

Investment administration fees of \$30,160 (2024 - \$29,000) 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 2024.

- (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 2024.

- (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 2024.

- (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 2024.

THE SYNOD OF THE DIOCESE OF NIAGARA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

19. 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 2024.