

**Continuing Education Plan of the
Anglican Church of Canada
Financial Statements
For the year ended December 31, 2018**

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Independent Auditor's Report

To the Board of Trustees of
Continuing Education Plan of the Anglican Church of Canada

Qualified Opinion

We have audited the financial statements of Continuing Education Plan of the Anglican Church of Canada (the "Plan"), which comprise the statement of financial position as at December 31, 2018, and the statement of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

As agreed to by the Trustees of the Plan and in common with many benefit fund audits, the scope of our audit was limited to the records of the Plan and therefore, did not extend to an examination of the payroll records of the contributing employers. Accordingly, our verification of contribution revenue was limited to the amounts recorded in the records of the Plan and we were not able to determine whether any adjustments might be necessary to contribution revenue and increase in net assets for the years ended December 31, 2018 and 2017, assets as at December 31, 2018 and 2017 and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified 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 report. We are independent of the Plan 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 of our qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.



Independent Auditor's Report (Continued)

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 these 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 Plan'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 Plan'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 Plan 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.

We 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.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
May 9, 2019

**Continuing Education Plan of the Anglican Church of Canada
Statement of Financial Position**

December 31	2018	2017
Assets		
Cash	\$ 159,992	\$ 106,914
Accounts receivable	15,177	5,620
Contributions receivable	34,768	23,524
Investments (Note 4)	5,665,982	6,205,254
	\$ 5,875,919	\$ 6,341,312
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 53,615	\$ 47,419
Due to related party (Note 3)	4,625	1,832
	58,240	49,251
Net Assets		
Internally restricted (Note 6)	2,881,301	2,884,774
Unrestricted	2,936,378	3,407,287
	5,817,679	6,292,061
	\$ 5,875,919	\$ 6,341,312

On behalf of the Board



Chairperson



Trustee

The accompanying notes are an integral part of these financial statements.

**Continuing Education Plan of the
Anglican Church of Canada
Statement of Operations**

For the year ended December 31	2018	2017
Revenue		
Employer contributions	\$ 598,000	\$ 611,238
Investment income (loss) (Note 5)	<u>(317,962)</u>	<u>588,758</u>
	280,038	1,199,996
Expenditures		
Benefits paid to employees	443,720	437,916
Administrative expenses (Note 7)	215,447	230,586
Sabbatical grants	56,336	52,628
Group training grants	<u>38,917</u>	<u>39,687</u>
	754,420	760,817
Excess (deficiency) of revenue over expenditures	(474,382)	439,179
Net assets, beginning of year	<u>6,292,061</u>	<u>5,852,882</u>
Net assets, end of year	\$ 5,817,679	\$ 6,292,061

The accompanying notes are an integral part of these financial statements.

**Continuing Education Plan of the
Anglican Church of Canada
Statement of Changes in Net Assets**

For the year ended December 31	2018		2017	
	Internally Restricted			
	Group Training Fund	Employee Accounts Fund	Unrestricted	Total
Net assets, beginning of the year	\$ 83,757	\$ 2,801,017	\$ 3,407,287	\$ 6,292,061
Excess (deficiency) of revenue over expenditures	(38,917)	182,013	(617,478)	439,179
Transfer between funds	40,780	(187,349)	146,569	-
Net assets, end of year	\$ 85,620	\$ 2,795,681	\$ 2,936,378	\$ 5,817,679
			\$ 5,817,679	\$ 6,292,061

The accompanying notes are an integral part of these financial statements.

**Continuing Education Plan of the
Anglican Church of Canada
Statement of Cash Flows**

For the year ended December 31	2018	2017
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ (474,382)	\$ 439,179
Adjustments to reconcile excess of revenue over expenditures to net cash provided by (used in) operating activities		
Realized gain on sale of investments	(47,920)	(133,110)
Unrealized loss (gain) on investments	782,938	(143,231)
Changes in non-cash working capital balance		
Accounts receivable	(9,557)	(371)
Contributions receivable	(11,244)	16,300
Accounts payable and accrued liabilities	6,196	27,690
	<u>246,031</u>	<u>206,457</u>
Investing activity		
Net acquisition of investments	<u>(195,746)</u>	<u>(292,189)</u>
Financing activity		
Increase (decrease) in due to related party	<u>2,793</u>	<u>(430)</u>
Net increase (decrease) in cash	53,078	(86,162)
Cash, beginning of year	<u>106,914</u>	<u>193,076</u>
Cash, end of year	\$ 159,992	\$ 106,914

The accompanying notes are an integral part of these financial statements.

Continuing Education Plan of the Anglican Church of Canada Notes to Financial Statements

December 31, 2018

1. Significant Accounting Policies

Nature and Purpose of the Plan

The Continuing Education Plan of the Anglican Church of Canada (the "Plan") provides for the continuing education of the Church's clergy and lay workers in order to improve their work-related skills and abilities. The rules adopted by the Church have established the basic provision of the Plan as reflected in Canon XII and the related regulations. Effective January 1, 2012, the Plan was registered as a charitable organization.

Basis of Presentation

These financial statements are prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").

Funding Policy

The Plan is an employer sponsored plan where the employers are required to contribute \$450 per eligible employee per year.

Investments

Investments are primarily in pooled funds and are stated at fair value. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of changes in net assets available for benefits as investment income.

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices.

The fair value of all other investments is based on closing quoted market prices.

Net realized gains or losses on the sale of investments are calculated on a weighted average cost basis. Interest income is recognized on a time proportion basis and dividend income is recognized on the dividend date of record.

Financial Instruments

Financial instruments, excluding investments, are recorded at fair value when acquired or issued and subsequently measured at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

Revenue Recognition

The Plan follows the deferral method of accounting for contributions. Contributions to the Plan are recorded in the financial statements up to and including the December month to the extent that these contributions are reported by the date of the auditor's report. Contributions reported after this date are included in the next fiscal period.

Continuing Education Plan of the Anglican Church of Canada Notes to Financial Statements

December 31, 2018

1. Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Income Tax Status

The Plan is registered as a charitable organization for income tax purposes and is exempt from income tax under section 149(1)(f) of the Income Tax Act.

2. Description of the Plan

The following description of the Continuing Education Plan of the Anglican Church of Canada is a summary only. For more complete information, reference should be made to the Plan Regulations.

General

The Continuing Education Plan of the Anglican Church of Canada was established to collect contributions from participating employers within the Church to provide for continuing education of the Church's clergy and lay workers in order to improve their work-related skills and abilities.

The Plan is administered under Canon XII of the General Synod of the Anglican Church of Canada which outlines terms of membership, contribution rates and benefit credits and payments.

Continuing Education Plan Benefits

Employers contribute \$450 per year for each eligible employee. 75% of eligible expenses are reimbursed from contributions accumulated for the employee. A bonus may be added from the Plan. The bonus was 5% in 2018 (2017 - 5%).

The Plan also pays for group training through grants to employers. These grants are approved each year for all participating employers. The employers have 5 years to use the grants for qualifying expenses or they expire.

Additional grants are made for sabbatical leave and retraining for employees who have more than 5 years participation in the Plan, subject to approval.

3. Related Party Transactions and Balances

The Pension Office Corporation of the Anglican Church of Canada administers the Plan. Under the terms of a Cost Sharing and Agency with the Plans, the Corporation pays shared expenses of the Plans and is reimbursed. In the current year, an amount of \$162,125 has been allocated to the Plan (2017 - \$172,170) at its exchange value (the amount of consideration established and agreed to by the related parties).

**Continuing Education Plan of the
Anglican Church of Canada
Notes to Financial Statements**

December 31, 2018

3. Related Party Transactions and Balances (Continued)

The following amount is due to the related party at year end:

	2018		2017	
Pension Office Corporation of the Anglican Church of Canada	\$	4,625	\$	2,170
General Synod Pension Plan of the Anglican Church of Canada		-		(338)
	\$	4,625	\$	1,832

The Plan has a common Board of Directors/Trustees with the Pension Office Corporation of the Anglican Church of Canada.

4. Investments

	2018		2017	
	Cost	Market Value	Cost	Market Value
Letko Brosseau Balanced Fund	\$ 4,154,381	\$ 4,634,213	\$ 3,982,283	\$ 5,069,149
Letko Brosseau Equity Fund	766,549	1,031,769	694,982	1,136,105
	\$ 4,920,930	\$ 5,665,982	\$ 4,677,265	\$ 6,205,254

5. Investment Income (Loss)

	2018		2017	
Pooled fund distributions	\$	417,056	\$	312,316
Realized gain on sale of investments		47,920		133,110
Unrealized gain (loss) on investments		(782,938)		143,231
Interest income		-		101
	\$	(317,962)	\$	588,758

6. Internally Restricted Funds

Internally restricted funds include two separate funds. The group training fund consists of the accumulated approved grants for group training. The employee accounts fund is comprised of accumulated contributions made by member employers on account of employees, which have not yet been used to fund eligible expenses.

**Continuing Education Plan of the
Anglican Church of Canada
Notes to Financial Statements**

December 31, 2018

6. Internally Restricted Funds (Continued)

The balance in these funds as at year end is as follows:

	2018			2017
	Group Training Fund	Employee Accounts Fund	Total	Total
Balance, beginning of the year	\$ 83,757	\$ 2,801,017	\$ 2,884,774	\$ 2,867,513
Contributions	-	598,000	598,000	611,238
Transfers from unrestricted	45,765	-	45,765	46,610
	45,765	598,000	643,765	657,848
Benefits paid to employees	-	(415,987)	(415,987)	(410,546)
Group training grants	(38,917)	-	(38,917)	(39,686)
Transfers to unrestricted	(4,985)	(187,349)	(192,334)	(190,355)
	(43,902)	(603,336)	(647,238)	(640,587)
Net increase (decrease) in fund balance	1,863	(5,336)	(3,473)	17,261
Balance, ending of the year	\$ 85,620	\$ 2,795,681	\$ 2,881,301	\$ 2,884,774

7. Administrative Expenses

	2018		2017
Administrative fees (Note 3)	\$ 162,125	\$	172,170
Audit fees	9,163		9,163
CEP Administrative Unit	6,317		4,980
Insurance	6,173		6,221
Investment management fees	21,310		20,128
Website management	25,536		29,527
Sales tax rebates	(15,177)		(11,603)
	\$ 215,447	\$	230,586

Continuing Education Plan of the Anglican Church of Canada Notes to Financial Statements

December 31, 2018

8. Financial Risk Management

The Plan's activities expose it to a variety of direct and indirect financial risks: credit risk, liquidity risk and market risk (including currency risk, interest risk and other price risk). These risks have not changed from the prior year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Plan's financial instruments that are exposed to concentrations of credit risk relate primarily to cash and investments. The Plan manages its exposure to this risk by maintaining its cash with a major Schedule 1 bank and maintaining its fixed income investments in a professionally managed diversified balanced fund.

Liquidity Risk

Liquidity risk is the risk that the Plan encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities. The Plan continues to focus on maintaining adequate liquidity to meet operating working capital requirements and capital expenditures.

Market Risk

The Plan is exposed to fluctuations in equity markets on its investments within the pooled funds.

Currency Risk

Currency risk is the risk that the value of investments denominated in foreign currencies will fluctuate with changes in foreign currency exchange rates. The Plan is exposed to currency risk from the possibility that changes in exchange rates will affect the value of investments denominated in foreign currencies within the pooled funds.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Plan is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments within the pooled funds.

9. Comparative Figures

Certain comparative figures have been restated to conform to the current year's presentation.