

**Employee Benefits Fund of the
Anglican Church of Canada
Financial Statements
For the year ended December 31, 2021**

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Independent Auditor's Report

To the Board of Trustees of
Employee Benefits Fund of the Anglican Church of Canada

Qualified Opinion

We have audited the financial statements of the Employee Benefits Fund of the Anglican Church of Canada (the "Fund"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and 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 Fund as at December 31, 2021, 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 Fund and in common with many benefit fund audits, the scope of our audit was limited to the records of the Fund 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 Fund and we were not able to determine whether any adjustments might be necessary to contribution revenue and excess of revenue over expenditures for the year ended December 31, 2021, assets as at December 31, 2021 and net assets as at January 1 and December 31 for the 2021 year.

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 Fund 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.

Comparative Information

The financial statements of the Fund for the year ended December 31, 2020 are unaudited.

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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 Fund'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 Fund'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 Fund 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.

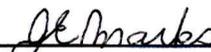
BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
May 26, 2022

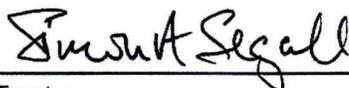
**Employee Benefits Fund of the
Anglican Church of Canada
Statement of Financial Position**

December 31	2021	2020
		(Unaudited)
Assets		
Cash	\$ 1,664,851	\$ 2,895,849
Contributions receivable	83,084	25,940
Due from related parties (Note 4)	5,043	102,156
	\$ 1,752,978	\$ 3,023,945
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 18,137	\$ 2,247
Due to related parties (Note 4)	545,585	1,490,545
	563,722	1,492,792
Net Assets		
Unrestricted	1,189,256	1,531,153
	\$ 1,752,978	\$ 3,023,945

On behalf of the Board:



Chairperson



Trustee

**Employee Benefits Fund of the
Anglican Church of Canada
Statement of Operations and Changes in Net Assets**

For the year ended December 31	2021	2020
		(Unaudited)
Revenue		
Employer contributions	\$ 8,054,783	\$ 8,172,450
Interest income	17,005	9,734
Experience refund from Manulife (Note 2)	545,585	1,490,511
	8,617,373	9,672,695
Expenditures		
Administrative expenses (Note 6)	442,058	404,414
Premiums paid to Manulife	7,971,627	8,072,499
	8,413,685	8,476,913
Excess of revenue over expenditures	203,688	1,195,782
Net assets, beginning of year	1,531,153	1,825,882
Transfer to Plan Administration Expense Fund (Note 5)	(545,585)	(878,511)
Transfer to Self-Insured Death Benefit Plan of the Anglican Church of Canada	-	(612,000)
Net assets, end of year	\$ 1,189,256	\$ 1,531,153

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

**Employee Benefits Fund of the
Anglican Church of Canada
Statement of Cash Flows**

For the year ended December 31	2021	2020
		(Unaudited)
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	\$ 203,688	\$ 1,195,782
Adjustments to reconcile excess of revenue over expenditures to net cash provided by (used in) operating activities		
Changes in non-cash working capital balance		
Contributions receivable	(57,144)	88,116
Accounts payable and accrued liabilities	15,890	(5,550)
	<u>162,434</u>	<u>1,278,348</u>
Investing activities		
Decrease (increase) in due from related parties	97,113	(102,156)
Transfer to Plan Administration Expense Fund	(545,585)	(878,511)
Transfer to Self-Insured Death Benefit Plan of the Anglican Church of Canada	-	(612,000)
	<u>(448,472)</u>	<u>(1,592,667)</u>
Financing activity		
Increase (decrease) in due to related parties	<u>(944,960)</u>	<u>1,485,765</u>
Net increase (decrease) in cash	(1,230,998)	1,171,446
Cash, beginning of year	<u>2,895,849</u>	<u>1,724,403</u>
Cash, end of year	<u>\$ 1,664,851</u>	<u>\$ 2,895,849</u>

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

Employee Benefits Fund of the Anglican Church of Canada Notes to Financial Statements

December 31, 2021

1. Significant Accounting Policies

Nature and Purpose of the Fund

The General Synod of the Anglican Church of Canada provides health, dental, life and short-term disability benefits for the clergy and lay employees of participating employers under the Employee Benefits Plan of the Anglican Church of Canada (the "Plan") under an insurance contract with Manulife Financial Corporation ("Manulife"), which was established April 1, 1997.

Basis of Accounting

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

Funding Policy

The Plan is an employer sponsored plan where the employers are required to contribute monthly premiums per eligible employee.

Revenue Recognition

Contributions of the Fund and experience refunds are accrued in the year of assessment.

Interest income is recognized on a time proportion basis.

Financial Instruments

Financial instruments 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.

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.

Employee Benefits Fund of the Anglican Church of Canada Notes to Financial Statements

December 31, 2021

2. Description of the Plan

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

General

The Plan has been set up to provide benefits to the clergy and lay employees of participating employers. Contributions flow into the Fund and payment for group employee benefits premiums are sent to Manulife from the Fund each month. A portion of the contributions is used for administration costs related to the employee benefits program, which include staff salaries, consulting fees, and other expenses. Experience refunds (or a portion of experience refunds) from Manulife may be deposited to this Fund and deficits owing to Manulife may be paid from this Fund, based on the decisions made by the Central Advisory Group of the Pension Committee. There was an experience refund from a surplus in Manulife deposited into the Fund for \$545,585 (2020 - \$1,490,511) in the year ended December 31, 2021.

3. First-time Adoption

Effective January 1, 2021, the Fund adopted the requirements of the accounting framework, ASNPO or Part III of the requirements of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting. These are the Fund's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, *First-time Adoption by not-for-profit organizations*, have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and retrospective exceptions. The accounting policies set out in Note 1 - Significant Accounting Policies have been applied in preparing the financial statements for the year ended December 31, 2021 and the comparative information presented in these financial statements for the year ended December 31, 2020. As there were no transitional adjustments to the opening statement of financial position at the date of transition of January 1, 2020, the transitional statement of financial position has not been presented in the financial statements.

The Fund issued financial statements for the year ended December 31, 2020, which were not prepared in accordance with a CPA Canada Handbook prescribed financial reporting framework. The adoption of ASNPO resulted in adjustments to the previously reported net assets as follows:

	<u>2020</u>	Note
Net assets, pre-changeover accounting standards	\$ 3,021,664	
Adjustment related to transfers	<u>(1,490,511)</u>	(a)
Net assets, ASNPO	<u>\$ 1,531,153</u>	

**Employee Benefits Fund of the
Anglican Church of Canada
Notes to Financial Statements**

December 31, 2021

3. First-time Adoption (Continued)

Note

- (a) Under ASNPO, the Fund is required to record transfers to the Plan Administration Expense Fund and the Self-Insured Death Benefit Plan of the Anglican Church of Canada in the fiscal year that the Central Advisory Group of the Pension Committee approves the transfer. These transfers were previously accounted for on a cash basis.

4. Related Party Transactions and Balances

The Pension Office Corporation of the Anglican Church of Canada (the "Corporation") administers the Fund. Under the terms of a Cost Sharing and Agency Agreement with the Fund, the Corporation pays shared expenses of the Fund and is reimbursed. In the current year, an amount of \$365,457 has been allocated to the Fund (2020 - \$360,357) and is included in administrative expenses, at its exchange value (the amount of consideration established and agreed to by the related parties).

As at December 31, 2021, the following amounts are due from related parties:

	2021	2020
		(Unaudited)
Long Term Disability Plan of the Anglican Church of Canada	\$ -	\$ 12
Pension Office Corporation of the Anglican Church of Canada	5,043	102,144
	\$ 5,043	\$ 102,156

As at December 31, 2021, the following amounts are due to related parties:

	2021	2020
		(Unaudited)
General Synod Pension Plan of the Anglican Church of Canada	\$ -	\$ 34
Plan Administration Expense Fund	545,585	878,511
Self-Insured Death Benefit Plan of the Anglican Church of Canada	-	612,000
	\$ 545,585	\$ 1,490,545

The amounts are unsecured, non-interest bearing and due on demand. The Fund has a common Board of Directors/Trustees with these related parties.

Employee Benefits Fund of the Anglican Church of Canada Notes to Financial Statements

December 31, 2021

5. Transfers to Plan Administration Expense Fund

The transfer to the Plan Administration Expense Fund is recorded in the fiscal year that the Central Advisory Group of the Pension Committee approves the transfer. The Central Advisory Group of the Pension Committee approved transfers of \$545,585 (2020 - \$878,511) to the Plan Administration Expense Fund in the year ending December 31, 2021. This transfer is measured at the carrying amount.

6. Administrative Expenses

Administrative expenses consist of the following:

	<u>2021</u>	2020
		(Unaudited)
Actuarial - Eckler Ltd.	\$ 28,680	\$ 37,300
Administrative fees (Note 4)	365,457	360,357
Audit fees - BDO Canada LLP	18,136	-
Bank charges	407	246
Insurance	16,323	14,307
Legal fees	13,055	-
Expense recoveries	-	(7,796)
	<u>\$ 442,058</u>	<u>\$ 404,414</u>

7. Financial Risk Management

The Fund's activities expose it to a variety of direct and indirect financial risks: credit risk and liquidity risk.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation that is entered into with the Fund. The Fund's financial instruments that are exposed to concentrations of credit risk relate primarily to cash. The Fund manages its exposure to this risk by maintaining its cash with a major Schedule 1 bank. The Fund also has credit risk to the extent that contributions receivables are not collectible. The Fund manages this risk by closely monitoring delinquent contributors and ensuring late contributions and deviations are pursued.

**Employee Benefits Fund of the
Anglican Church of Canada
Notes to Financial Statements**

December 31, 2021

7. Financial Risk Management (Continued)

Liquidity Risk

Liquidity risk is the risk that the Fund encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Fund will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and amounts due to related parties.

8. Impact of COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19" outbreak. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result, economic uncertainties have arisen. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption to the Fund and the related financial impact cannot be reasonably estimated at this time.