

**Employee Benefits Fund of the
Anglican Church of Canada
Financial Statements
For the year ended December 31, 2022**

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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, 2022, 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, 2022, 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 (deficit) of revenue over expenditures for the year ended December 31, 2022 and 2021, assets and liabilities as at December 31, 2022 and 2021 and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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 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.

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 25, 2023

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

December 31	2022	2021
Assets		
Cash	\$ 1,119,566	\$ 1,664,851
Contributions receivable	62,136	83,084
Due from related parties (Note 3)	-	5,043
	\$ 1,181,702	\$ 1,752,978
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 15,235	\$ 18,137
Due to related parties (Note 3)	5,880	545,585
	21,115	563,722
Net Assets		
Unrestricted	1,160,587	1,189,256
	\$ 1,181,702	\$ 1,752,978

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	2022	2021
Revenue		
Employer contributions	\$ 8,339,347	\$ 8,054,783
Interest income	15,466	17,005
Experience refund from Manulife (Note 2)	379,055	545,585
	<u>8,733,868</u>	<u>8,617,373</u>
Expenditures		
Administrative expenses (Note 5)	468,423	442,058
Premiums paid to Manulife	8,294,114	7,971,627
	<u>8,762,537</u>	<u>8,413,685</u>
Excess (deficit) of revenue over expenditures	(28,669)	203,688
Net assets, beginning of year	1,189,256	1,531,153
Transfer to Plan Administration Expense Fund (Note 4)	<u>-</u>	<u>(545,585)</u>
Net assets, end of year	\$ 1,160,587	\$ 1,189,256

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	2022	2021
Cash provided by (used in)		
Operating activities		
Excess (deficit) of revenue over expenditures	\$ (28,669)	\$ 203,688
Adjustments to reconcile excess (deficit) of revenue over expenditures to net cash provided by (used in) operating activities		
Changes in non-cash working capital balance		
Contributions receivable	20,948	(57,144)
Accounts payable and accrued liabilities	(2,902)	15,890
	<u>(10,623)</u>	<u>162,434</u>
Investing activities		
Decrease in due from related parties	5,043	97,113
Transfer to Plan Administration Expense Fund	-	(545,585)
	<u>5,043</u>	<u>(448,472)</u>
Financing activity		
Decrease in due to related parties	<u>(539,705)</u>	<u>(944,960)</u>
Net decrease in cash	(545,285)	(1,230,998)
Cash, beginning of year	<u>1,664,851</u>	<u>2,895,849</u>
Cash, end of year	\$ 1,119,566	\$ 1,664,851

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, 2022

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, 2022

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 \$379,055 (2021 - \$545,585) in the year ended December 31, 2022.

3. 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 \$404,787 has been allocated to the Fund (2021 - \$365,457) 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, 2022, the following amounts are due to (from) related parties:

	<u>2022</u>	<u>2021</u>
Long Term Disability Plan of the Anglican Church of Canada	\$ 93	\$ -
Plan Administration Expense Fund	-	545,585
Pension Office Corporation of the Anglican Church of Canada	<u>5,787</u>	<u>(5,043)</u>
	<u>\$ 5,880</u>	<u>\$ 540,542</u>

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

4. 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 \$Nil (2021 - \$545,585) to the Plan Administration Expense Fund in the year ending December 31, 2022. This transfer is measured at the carrying amount.

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

December 31, 2022

5. Administrative Expenses

Administrative expenses consist of the following:

	<u>2022</u>		<u>2021</u>
Actuarial - Eckler Ltd.	\$ 24,268	\$	28,680
Administrative fees (Note 3)	404,787		365,457
Audit fees - BDO Canada LLP	15,235		18,136
Bank charges	382		407
Insurance	18,683		16,323
Legal fees	5,068		13,055
	<u>\$ 468,423</u>	\$	<u>442,058</u>

6. 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.

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.