

Endowment Fund of the
Anglican Church of Canada
Financial Statements
For the year ended December 31, 2020

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Balance Sheet	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12



Independent Auditor's Report

To the Board of Trustees of
Endowment Fund of the Anglican Church of Canada

Opinion

We have audited the financial statements of Endowment Fund of the Anglican Church of Canada (the "Fund"), which comprise the statement of financial position as at December 31, 2020, and the statements 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 for our 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.

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.



Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 20, 2021


**Endowment Fund of the
Anglican Church of Canada
Statement of Financial Position**

December 31	2020	2019
Assets		
Cash	\$ 75,416	\$ 49,327
Accounts receivable	1,800	868
Due from related party (Note 3)	964	-
Investments (Note 4)	5,937,234	6,245,058
	\$ 6,015,414	\$ 6,295,253
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 21,316	\$ 9,463
Due to related party (Note 3)	-	2,356
	21,316	11,819
Net Assets		
Endowment Fund	1,072,038	1,072,038
Externally Restricted - Special Funds	2,253,163	2,396,385
Unrestricted - Ordinary Funds	2,668,897	2,815,011
	5,994,098	6,283,434
	\$ 6,015,414	\$ 6,295,253

On behalf of the Board:



Chairperson



Trustee

**Endowment Fund of the
Anglican Church of Canada
Statement of Operations**

For the year ended December 31	2020	2019
Revenue		
Donations received	\$ 1,000	\$ 2,930
Investment income (Note 5)	103,346	743,005
	104,346	745,935
Expenditures		
Benefits paid	313,870	296,369
Administrative expenses (Note 6)	79,812	68,486
	393,682	364,855
Excess (deficiency) of revenue over expenditures	\$ (289,336)	\$ 381,080

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

**Endowment Fund of the
Anglican Church of Canada
Statement of Changes in Net Assets**

For the year ended December 31

2020

2019

	Endowment Fund	Externally Restricted - Special Funds	Unrestricted Ordinary Funds	Total	Total
Net assets available, beginning of the year	\$ 1,072,038	\$ 2,396,385	\$ 2,815,011	\$ 6,283,434	\$ 5,902,354
Excess (deficiency) of revenue over expenditures	-	(143,222)	(146,114)	(289,336)	381,080
Net assets available, end of year	\$ 1,072,038	\$ 2,253,163	\$ 2,668,897	\$ 5,994,098	\$ 6,283,434

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

**Endowment Fund of the
Anglican Church of Canada
Statement of Cash Flows**

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ (289,336)	\$ 381,080
Adjustments to reconcile excess (deficiency) of revenue over expenditures to net cash provided by (used in) operating activities		
Realized loss (gain) on sale of investments	36,094	(37,569)
Unrealized loss (gain) on investments	196,325	(383,155)
Changes in non-cash working capital balance		
Accounts receivable	(932)	307
Accounts payable and accrued liabilities	11,853	300
	<u>(45,996)</u>	<u>(39,037)</u>
Investing activities		
Net disposal of investments	75,405	3,658
Increase (decrease) in due to (from) related party	(3,320)	644
	<u>72,085</u>	<u>4,302</u>
Net increase (decrease) in cash	26,089	(34,735)
Cash, beginning of year	49,327	84,062
Cash, end of year	\$ 75,416	\$ 49,327

Endowment Fund of the Anglican Church of Canada Notes to Financial Statements

December 31, 2020

1. Significant Accounting Policies

Nature and Purpose of the Fund

Endowment Fund of the Anglican Church of Canada (the "Fund") is a charitable organization that receives donations and bequests that are used to supplement the pensions of retired members of the General Synod Pension Plan.

Basis of Presentation

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

Funding Policy

The Fund receives donations and bequests and earns investment income on the undistributed amounts in the Fund.

Investments

Investments are primarily in pooled funds and are stated at fair value in a trade date basis. 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 operations as investment income.

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

Interest income is recognized on a time proportionate basis. The purchase and sale of securities are recorded on a settlement date basis. Realized gains and losses from security transactions are based on the average cost of the security.

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 Fund uses the deferral method of accounting for contributions. Endowment contributions are recognized as direct increases in net assets in the current period. Restricted contributions for expenses are deferred and recognized as revenue in the same period as the related expenses are recognized. Unrestricted contributions are recognized as revenue in the current period.

Use of Estimates

The preparation of financial statements in accordance with 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.

Endowment Fund of the Anglican Church of Canada Notes to Financial Statements

December 31, 2020

1. Significant Accounting Policies (Continued)

Income Tax Status

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

2. Description of the Fund

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

General

Funds are received by way of gift, donation or bequest as an enhancement to benefits of the General Synod Pension Plan.

Components of the Fund can be described as follows:

- i) Endowment Fund - represents accumulated contributions that are to be preserved by the Fund. Investment returns are recognized as increases in either the special fund or the ordinary fund and can be disbursed in accordance with the Fund's benefit payment policy as established by the Endowment Committee of the General Synod of the Anglican Church of Canada.
- ii) Special Funds - represents funds received that are disbursed in accordance with the restrictions stipulated by donors or trusts.
- iii) Ordinary Funds - represents unrestricted funds received that may be disbursed at the discretion of the Endowment Committee of The General Synod of the Anglican Church of Canada.

The Pension Committee is the Endowment Committee of the Anglican Church of Canada who is the Administrator of the Fund. The Board of Trustees has the ultimate responsibility for all aspects of the investment of the Fund. The members of the Board of Trustees are appointed by the Pension Committee of the General Synod.

Fund Benefits

The Fund payment is made once a year and the amount varies according to investment returns of the Fund. The distribution rate will normally be the same as the target rate of return for the Fund of 5%. This may be reduced if necessary to preserve the capital in the special and ordinary funds for future distributions.

**Endowment Fund of the
Anglican Church of Canada
Notes to Financial Statements**

December 31, 2020

3. Related Party Transactions and Balances

The Pension Office Corporation of the Anglican Church of Canada administers the Fund. Effective January 1, 2015, the Fund entered into a cost sharing and agency agreement between the various pension and benefit plans of the Anglican Church of Canada (the "Plans") and the Pension Office Corporation. In the current year, the Fund paid the Pension Office Corporation \$36,036 (2019 - \$36,503) to cover the Fund's share of the operating expenses. This transaction is measured at its exchange value (the amount of consideration established and agreed to by the related party).

The following amounts are due to (from) related parties at year end:

	2020	2019
General Synod Pension Plan of the Anglican Church of Canada	\$ -	\$ (390)
Pension Administration Expense Fund	-	2,243
Pension Office Corporation of the Anglican Church of Canada	(964)	503
	\$ (964)	\$ 2,356

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

4. Investments

Investments consist of units in the following funds, which are recorded at market value:

	2020		2019	
	Cost	Market Value	Cost	Market Value
Letko Brosseau Balanced Fund	\$ -	\$ -	\$ 4,238,830	\$ 4,775,866
Letko Brosseau Equity Fund	-	-	1,167,808	1,469,192
PH&N Core Plus Bond Fund	3,173,059	3,202,704	-	-
PH&N Canadian Equity Value Fund	368,688	468,972	-	-
RBC QUBE Low Volatility Canadian Equity Fund	331,078	413,896	-	-
RBC Global Equity Focus Fund	636,519	974,781	-	-
RBC QUBE Low Volatility Equity Fund	785,795	876,881	-	-
	\$ 5,295,139	\$ 5,937,234	\$ 5,406,638	\$ 6,245,058

**Endowment Fund of the
Anglican Church of Canada
Notes to Financial Statements**

December 31, 2020

5. Investment Income

	2020	2019
Pooled fund distributions	\$ 330,015	\$ 322,281
Realized gain (loss) on sale of investments	(36,094)	37,569
Unrealized gain (loss) on investments	(196,325)	383,155
Interest income	5,750	-
	\$ 103,346	\$ 743,005

6. Administrative Expenses

	2020	2019
Administrative fees (Note 3)	\$ 36,036	\$ 36,503
Audit fees	9,822	9,463
Actuarial Consulting fees	6,823	2,242
Bank charges	119	-
Insurance	1,431	1,406
Investment management fees	21,835	21,315
Legal fees	5,548	-
Sales tax rebates	(1,802)	(2,443)
	\$ 79,812	\$ 68,486

7. Financial Risk Management

The Fund'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 Fund's financial instruments that are exposed to concentrations of credit risk relate primarily to cash and investments. The Fund manages its exposure to this risk by maintaining its cash with a major Schedule 1 bank and maintaining its fixed income investments in a prudently managed diversified balanced fund.

Liquidity Risk

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

Market Risk

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

**Endowment Fund of the
Anglican Church of Canada
Notes to Financial Statements**

December 31, 2020

7. Financial Risk Management (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's fixed income investments within the balanced pooled fund are subject to interest rate risk.

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, specifically on factors impacting the fair value of the Plan's investments as disclosed in Note 4, cannot be reasonably estimated at this time.