Consolidated Financial Statements of

THE SYNOD OF THE DIOCESE OF NIAGARA

And Independent Auditors' Report thereon

Year ended December 31, 2019

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INDEPENDENT AUDITORS' 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 end of December 31, 2019
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes 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 auditors’ report the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Diocese as at end of December 31, 2018, 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 Diocese. Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at end of December 31, 2019
- the fundraising revenues and excess of revenues over expenses reported in the statements of operations for the years ended December 31, 2019
- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended December 31, 2019
- the excess of revenues over expenses reported in the statements of cash flows for the years ended December 31, 2019

Our opinion on the consolidated financial statements for the year ended December 31, 2019 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 "*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our auditors' 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 Consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
October 20, 2020

THE SYNOD OF THE DIOCESE OF NIAGARA

Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash (note 2)	$ -	$ 54,281
Short-term investments	16,150	100,489
Restricted cash (note 3)	51,365	62,851
Amounts receivable (note 4)	744,516	892,141
Other receivables	201,846	165,247
Prepaid expenses	89,899	43,333
Loans receivable (note 5)	351,713	365,253
	1,455,489	1,683,595
Investments (note 6)	4,887,798	4,377,475
Long-term receivables (note 7)	1,209,342	1,030,242
Capital assets (note 8)	2,477,325	2,583,773
	$ 10,029,954	$ 9,675,085
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness (note 2)	$ 174,192	$ -
Due to parishes	27,289	86,097
Accounts payable and accrued liabilities (note 9)	945,295	838,159
Bank loans - special purposes (note 10)	511,713	594,367
	1,658,489	1,518,623
Supplemental insurance reserve (note 11)	699,467	612,386
Long-term liabilities (note 12)	313,694	340,932
	2,671,650	2,471,941
Net assets:		
Invested in capital assets	2,477,325	2,583,773
Externally restricted (note 13(a))	2,089,397	1,970,507
Internally restricted (note 13(b))	3,904,507	4,013,865
General	(1,112,925)	(1,365,001)
	7,358,304	7,203,144
Contingencies (note 18)		
Subsequent event (note 19)		
	$ 10,029,954	$ 9,675,085

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, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Diocesan assessment	$ 3,075,826	$ 3,010,180
Administrative fees and rental income	423,352	330,612
Bishop's Company	64,568	64,480
Canterbury Hills (note 14)	635,749	487,612
Programs	28,804	10,254
Sundry	55,512	151,878
Interest income	29,252	36,223
Investment income (loss)	518,097	(72,697)
Insurance premiums from parishes	942,129	927,439
Parish payroll	8,915,026	8,974,510
	14,688,315	13,920,491
Expenses:		
General and Provincial Synod	689,538	684,184
Programs:		
Congregational support and development	34,115	26,903
Ministry support	76,555	75,651
Outreach support	4,272	1,487
Operations:		
Diocesan staff	1,519,056	1,510,514
Office administration, communication, and committees	413,356	399,022
Diocesan managed properties	450,301	275,874
Disestablished parish properties	42,991	374,599
Property staff	234,833	221,854
Other:		
Parish subsidies	314,318	436,277
Depreciation	219,391	209,265
Bad debts (recovery)	(1,987)	7,506
Interest	1,526	1,727
Grants and other expenses	89,369	31,382
Insurance	954,931	927,256
Parish payroll	8,915,026	8,974,510
Bishop's Company expenses	73,511	63,837
Canterbury Hills (note 14)	471,641	489,459
Total expenses	14,502,743	14,711,307
Excess (deficiency) of revenue over expenses before the undernoted	185,572	(790,816)
Restricted gifts and bequests (note 15)	44,544	26,180
Excess of revenues over expenses (expenses over revenues)	$ 230,116	$ (764,636)

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, 2019, with comparative information for 2018

	Invested in capital assets	Externally restricted	Internally restricted	General fund	Total 2019
Fund balance (deficit), beginning of year	$ 2,583,773	$ 1,970,507	$ 4,013,865	$ (1,365,001)	$ 7,203,144
Excess of (expenses over revenue) revenue over expense	(219,391)	101,354	(44,825)	392,978	230,116
Inter-fund transfers:					
Net change in invested in capital assets	112,943	-	-	(112,943)	-
Transfers between funds	-	17,536	(59,716)	42,180	-
Insurance fund	-	-	(4,817)	4,817	-
Employee future benefits (note 11)	-	-	-	(74,956)	(74,956)
Fund balance (deficit), end of year	$ 2,477,325	$ 2,089,397	$ 3,904,507	$ (1,112,925)	$ 7,358,304

	Invested in capital assets	Externally restricted	Internally restricted	General fund	Total 2018
Fund balance (deficit), beginning of year	$ 2,608,383	$ 1,970,281	$ 4,081,295	$ (803,378)	$ 7,856,581
Excess of expenses over revenue	(209,265)	(369)	(35,922)	(519,080)	(764,636)
Inter-fund transfers:					
Net change in invested in capital assets	184,655	-	-	(184,655)	-
Transfers between funds	-	595	(39,526)	38,931	-
Insurance fund	-	-	8,018	(8,018)	-
Employee future benefits (note 11)	-	-	-	111,199	111,199
Fund balance (deficit), end of year	$ 2,583,773	$ 1,970,507	$ 4,013,865	$ (1,365,001)	$ 7,203,144

See accompanying notes to consolidated financial statements.

THE SYNOD OF THE DIOCESE OF NIAGARA

Consolidated Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of expenses over revenues for the year	$ 230,116	$ (764,636)
Items not involving cash:		
Change in supplemental insurance liability	87,081	(81,180)
Actuarial (gain) loss on supplemental insurance liability	(74,956)	111,199
Depreciation	188,330	190,160
Depreciation - Canterbury Hills	31,061	19,105
(Increase) decrease in fair value of investments	(642,345)	96,290
Change in non-cash operating working capital:		
Restricted cash	11,486	(9,352)
Amounts receivable	147,625	32,879
Other receivables	(36,599)	8,324
Prepaid expenses	(46,566)	(4,086)
Due to parishes	(58,808)	(31,320)
Accounts payable and accrued liabilities	107,137	(470,362)
	(56,438)	(902,979)
Financing:		
Changes in long-term liabilities	(27,238)	(39,859)
(Repayment) advance of bank loans - special purposes	(82,654)	67,010
	(109,892)	27,151
Investing:		
Purchase of capital assets	(23,746)	(166,763)
Purchase of capital assets, Canterbury Hills	(89,197)	(17,892)
Investment contributions	(21,556)	(6,963)
Investment withdrawals	153,578	522,170
Decrease in short-term investments	84,339	102,959
Increase in long-term receivables	(179,100)	(98,386)
Collection (advances) of loans receivable	13,540	(129,191)
	(62,142)	205,934
Decrease in cash	(228,472)	(669,894)
Cash, beginning of year	54,281	724,175
Cash, end of year	$ (174,192)	$ 54,281

See accompanying notes to consolidated financial statements.

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 which includes approximately 90 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 entities 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 the 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 and provides conference services during the remainder of the year. The Camp and Conference Centre are located on Diocesan land and 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 investment income is recorded in the General Fund.

The Restricted Funds report resources contributed for which the use is restricted by the donors or management.

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.

(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

1. Significant accounting policies (continued):

(e) Supplemental insurance benefits:

The Diocese provides its active members and retirees with a life insurance benefit of $10,000 for active members and $8,000 for retirees. The Diocese maintains funds within their 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. The most recent full actuarial valuation was December 31, 2018.

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.

(f) Contributed services:

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

1. Significant accounting policies (continued):

(g) 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. 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.

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

(i) 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 and bank indebtedness:

The Diocese considers deposits in banks and certificates of deposit as cash. The bank indebtedness is a non-revolving demand line of credit with interest calculated at the Prime Rate less 0.25% per annum. Interest on this loan is payable monthly. The bank indebtedness balance as at December 31, 2019 is $676,085 (2018 - $317,177). The limit on the line of credit was $1,500,000 as at December 31, 2019 and subsequently increased by an additional $750,000 in May 2020. See note 19 for further details. Cash and bank indebtedness included in the cash flow statement comprise the following balance sheet amounts:

	2019	2018
Cash on hand and balances with banks	$ 501,893	$ 371,457
Non-revolving demand line of credit	(676,085)	(317,176)
	$ (174,192)	$ 54,281

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:

	2019	2018
Diocesan Mission and Ministries due from parishes	$ 692,278	$ 794,097
Insurance	40,843	146,321
Payroll due from parishes	64,905	46,004
Other	76,390	35,619
Provision for doubtful accounts	(129,900)	(129,900)
	$ 744,516	$ 892,141

5. Loans receivable:

Loans receivable are comprised as follows:

(a) Employees:

Loans receivable from employees totaling $nil (2018 - $886) represent funds advanced to clergy and other employees at the Diocese. The loans are for terms not exceeding 48 months. Interest is charged at the quarterly prescribed rate as set by Canada Revenue Agency.

(b) Church extension:

Church extension loans totaling $351,713 (2018 - $364,367) 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.

6. Investments:

Investments are comprised as follows:

	2019	2018
Mutual and pooled funds	$ 4,887,798	$ 4,376,899
Shares	-	576
	$ 4,887,798	$ 4,377,475

Investments include $699,467 (2018 - $612,386) set aside to fund the supplemental insurance benefits (see note 10).

7. Long-term receivables:

Parish		2019		2018
Parish operating debt:				
St. Luke, Hamilton	$	200,515	$	200,515
Cathedral Place, Hamilton		196,039		196,039
All Saints, Hamilton		112,298		112,298
St. John's Rockwood		87,941		91,923
Holy Trinity, Fonthill		71,196		-
St. Paul, Caledonia		51,267		26,062
St. John the Evangelist, Niagara Falls		49,407		49,407
Holy Trinity, Hamilton		46,191		-
Grace Church, Arthur		36,808		-
All Saints, Welland		16,055		-
St. Alban's, Grand Valley		3,076		8,256
All Saints, Ridgeway		-		10,500
St. Paul, Jarvis		-		7,964
Various disestablished parishes		80,009		58,413
		950,802		761,377
Parish mortgages and loans:				
St. Luke's Palermo		150,583		156,053
Church of the Incarnation, Oakville		102,957		102,812
Grace Church, St. Catharines		5,000		10,000
		258,540		268,865
Total	$	1,209,342	$	1,030,242

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. Grace Church is unsecured, has no fixed terms of repayment and does not bear any interest.

8. Capital assets:

	Cost	Accumulated amortization	2019 Net book value
Land			
Canterbury Hills	$ 35,749	$ -	$ 35,749
Buildings			
Palermo	2,496,163	373,256	2,122,907
Leasehold improvements	1,160,452	1,154,941	5,511
Canterbury Hills	552,440	423,531	128,909
Building improvements	667,136	504,906	162,230
Computer equipment	265,024	251,854	13,170
Furniture and fixtures	126,406	117,557	8,849
Vehicles	15,370	15,370	-
	$ 5,318,740	$ 2,841,415	$ 2,477,325

	Cost	Accumulated amortization	2018 Net book value
Land			
Canterbury Hills	$ 35,749	$ -	$ 35,749
Buildings			
Palermo	2,496,163	248,447	2,247,716
Leasehold improvements	1,160,452	1,150,825	9,627
Canterbury Hills	463,243	392,471	70,772
Building improvements	666,538	462,905	203,633
Computer equipment	245,274	238,985	6,289
Furniture and fixtures	123,008	113,021	9,987
Vehicles	15,370	15,370	-
	$ 5,205,797	$ 2,622,024	$ 2,583,773

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.

9. Accounts payable and accrued liabilities:

There are no government remittances payable included in accounts payable and accrued liabilities, including payroll related taxes, for 2019 (2018 - $nil).

10. Bank loans - special purposes:

	2019	2018
Loans obtained on behalf of parishes, due on demand, bearing interest at prime plus 0.25%, maturing from 2016 to 2028, with minimum annual repayments of $24,931	$ 180,000	$ 174,978
Loan obtained on behalf of parish, due on demand, bearing interest at prime plus 0.25%, maturing 2031, annual repayments of $25,296	171,713	189,389
Other special purpose loans for parish renovations and extensions, due on demand, bearing interest at prime plus 0.25%, with a minimum annual repayment of $70,000	160,000	230,000
	$ 511,713	$ 594,367

Principal repayments over the next five years are as follows:

2020	$ 140,727
2021	119,727
2022	50,227
2023	50,227
Thereafter	150,805
	$ 511,713

11. 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 at December 31, 2019.

	2019	2018
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 612,386	$ 693,566
Actuarial loss (gain)	74,956	(111,199)
Interest costs	28,125	30,019
Benefit payments	(16,000)	-
Benefit obligation, end of year	$ 699,467	$ 612,386

12. Long-term liabilities:

Included in long-term liability is $240,379 (2018 - $299,146) relating to the Residential Schools Healing Fund. In consultation with the Anglican Church of Canada, the Diocese has renewed its commitment to the work of truth, reconciliation and indigenous ministries. These funds are held in a Diocesan investment fund designated for this purpose.

13. Restricted fund balances:

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

	2019	2018
Theological education	$ 409,298	$ 409,298
Episcopal support	347,333	347,333
Other	373,439	373,438
Mission work	151,803	151,803
Youth and children's work	15,000	15,000
Bishop's Company	20,092	20,092
Canterbury Hills	772,432	653,543
	$ 2,089,397	$ 1,970,507

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

	2019	2018
New church development from parish proceeds	$ 2,171,190	$ 2,235,560
Parish sale proceeds	748,472	748,472
Residential schools fund	266,681	288,007
Closed parishes	246,885	271,885
Girls' Friendly Society / Holiday House fund	172,158	172,158
Church insurance fund	135,760	140,577
Minnie Easter estate	41,356	41,356
Investment review fund	38,744	38,744
Stephen Hopkins leadership fund	33,635	28,480
Other	16,626	16,626
Dorothy Elizabeth Roberts' estate	8,365	8,365
E. Ferres	7,115	7,115
Paul Austin Moore estate	6,000	6,000
Canon D. Ricketts bursary fund	6,000	5,000
William Aspel legacy fund	5,000	5,000
Canterbury Hills	520	520
	$ 3,904,507	$ 4,013,865

14. Canterbury Hills:

		2019		2018
Revenues:				
Canterbury Hills (unrestricted)	$	534,395	$	482,575
Canterbury Hills (externally restricted)		101,354		5,037
	$	635,749	$	487,612
Expenses:				
Canterbury Hills (unrestricted)	$	471,641	$	484,053
Canterbury Hills (externally restricted)		-		5,406
	$	471,641	$	489,459

15. Restricted gifts and bequests:

Restricted gifts in 2019 totaled $44,544 (2018 – $26,180) which consists of donation of 6,155 and unrealized investment income of $38,389. These relate to gifts to the Canon D. Ricketts Bursary fund and the Stephen Hopkins Leadership fund. The funds and held within the Diocesan investments.

16. 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, 2019, the fair market value of the parish, Diocese, and Anglican Church Ministries Foundation funds invested through the Diocese amounted to $44,501,026 (2018 - $39,406,907).

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 by an act of the Provincial Government of Ontario, assented to on January 1, 1999 and is a registered charity under the Income Tax Act. At December 31, 2019, the Foundation held net assets in the amount of approximately $22.4 million (2018 - $20.1 million), the benefit of which will accrue to the Diocese and some of its affiliates in the future.

Investment administration fees of $25,000 (2018 - $25,000) were charged by the Diocese to the Foundation and have been included in Administrative fees and rental income on the Statement of Operations.

17. 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 2018.

(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 2018.

(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 2018.

17. Financial instruments (continued):

(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 2018.

(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 2018.

18. Contingencies:

The Diocese issues letters of guarantee through its financial institution to provide guarantees to certain parishes. Outstanding letters of guarantee amount to $51,697 (2018 - $51,697).

19. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Diocese's operating results and financial position in the future. Specific to the Diocese, there is a risk pertaining to defaults on Parish loans and permanent and adverse effects of the stock market negatively impacting the fair value of the investments. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time. At the auditors report date, investment values have returned to pre-COVID-19 levels. The Diocese incurred loss of revenues as a result COVID-19 by being unable to bill for the Diocesan assessment from April 2020 through to September 2020, as result the line of credit was increased to $750,000 through to December 2020 and the Diocese is looking to sell vacant properties for additional funding.