

Financial Statements of

**ANGLICAN CHURCH MINISTRIES
FOUNDATION, NIAGARA**

Year ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

To the Bishop and Members of the Anglican Church Ministries Foundation, Niagara

We have audited the accompanying financial statements of the Anglican Church Ministries Foundation, Niagara, which comprise the statement of financial position as at December 31, 2010, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Anglican Church Ministries Foundation, Niagara derives revenue from gifts and bequests, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Anglican Church Ministries Foundation, Niagara and we were not able to determine whether, as at and for the year ended December 31, 2010, any adjustments might be necessary to gifts and bequests and excess of revenues over expenses reported in the statement of operations and fund balances reported in the statement of financial position.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Anglican Church Ministries Foundation, Niagara as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

July 7, 2011
Hamilton, Canada

ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	General Fund	Restricted Fund	Endowment Fund	2010	Total 2009
Assets					
Current assets:					
Cash	\$ 50	\$ -	\$ -	\$ 50	\$ 50
Investments (note 2)	35,334	(200,194)	11,386,453	11,221,593	10,245,902
Rectory loans (note 3)	-	-	1,630,668	1,630,668	1,559,691
	<u>\$ 35,384</u>	<u>\$ (200,194)</u>	<u>\$13,017,121</u>	<u>\$12,852,311</u>	<u>\$11,805,643</u>

Liabilities

Current liabilities:	
Accrued liabilities	\$ 16,534
	\$ -
	\$ 16,534
	\$ -

Fund Balances

Externally restricted (note 4)	\$ -	\$ (234,326)	\$13,017,121	\$12,782,795	\$11,773,070
Unrestricted	18,850	-	-	18,850	1,371
Internally restricted	-	34,132	-	34,132	31,202
	<u>18,850</u>	<u>(200,194)</u>	<u>13,017,121</u>	<u>12,835,777</u>	<u>11,805,643</u>
	<u>\$ 35,384</u>	<u>\$ (200,194)</u>	<u>\$13,017,121</u>	<u>\$12,852,311</u>	<u>\$11,805,643</u>

See accompanying notes to financial statements.

ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Statement of Operations

Year ended December 31, 2010, with comparative figures for 2009

	General Fund	Restricted Fund	Endowment Fund	2010	2009
Revenues:					
Gifts and bequests	\$ -	\$ -	\$ 311,618	\$ 311,618	\$ 416,588
Net investment income	2,858	945,297	-	948,155	1,501,717
Reimbursement of investment fee	47,137	-	-	47,137	50,261
	49,995	945,297	311,618	1,306,910	1,968,566
Expenses:					
Administration	25,082	-	-	25,082	10,000
Salaries	-	-	-	-	42,455
Audit fee	7,434	-	-	7,434	-
Grants to Diocese	-	-	-	-	400,000
Endowment refund to parishes	-	233,143	6,082	239,225	214,226
Other endowment refund	-	5,000	35	5,035	76,644
	32,516	238,143	6,117	276,776	743,325
Excess of revenues for the year	\$ 17,479	\$ 707,154	\$ 305,501	\$ 1,030,134	\$ 1,225,241

See accompanying notes to financial statements.

ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Statement of Changes in Net Assets

Year ended December 31, 2010, with comparative figures for 2009

	General Fund	Restricted Fund	Endowment Fund	Total
	2010	2010	2010	2010
Fund balances, beginning of year	\$ 1,371	\$ (907,348)	\$12,711,620	\$ 11,805,643
Excess of revenues for the year	17,479	707,154	305,501	1,030,134
Change in endowment net assets	-	-	-	1,511,997
Fund balances, end of year	\$ 18,850	\$(200,194)	\$13,017,121	\$12,835,777
				\$11,805,643

See accompanying notes to financial statements.

ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Operations:		
Excess of revenues for the year	\$ 1,030,134	\$ 1,225,241
Change in non-cash operating working capital:		
Increase in accrued liabilities	16,534	-
	1,046,668	1,225,241
Investing:		
Change in endowments, net	-	1,511,997
Change in investments, net	(975,691)	(1,177,547)
Change in rectory loans, net	(70,977)	(1,559,691)
	(1,046,668)	(1,225,241)
Increase in cash	-	-
Cash, beginning of year	50	50
Cash, end of year	\$ 50	\$ 50

See accompanying notes to financial statements.

ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Notes to Financial Statements

Year ended December 31, 2010

The Anglican Church Ministries Foundation, Niagara has been set up to receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time, for charitable purposes, and in particular to assist The Synod of the Diocese of Niagara, in the Anglican Church of Canada, its Bishop or Archbishop: to preach, promote and advance the spiritual teachings of the Christian faith; and to support and maintain churches and the mission of the Church in order to propagate and express the Christian faith. The community of faith encompasses a large geographical area including the Niagara Peninsula, Greater Hamilton, the Region of Halton; Dufferin; Wellington and portions of Haldimand County. It was 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.

1. Significant accounting policies:

The Foundation follows Canadian generally accepted accounting principles in preparing its financial statements. The significant accounting policies used are as follows:

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund reports revenues and expenses related to program delivery and administrative activities.

The Restricted Fund reports resources contributed for which the use is restricted by the donors and do not form part of the Endowment Fund. It also reports the related investment income and disbursements of the Restricted Fund.

The Endowment Fund reports resources contributed with the stipulation that the capital amount be permanently retained. Investment income earned on the portion of the fund for which there are restrictions on the use is recorded in the Restricted Fund. Investment income earned on the portion of the fund for which there are no restrictions on the use is recorded in the General fund.

(b) Investments:

Investments in mutual and pooled funds are carried at market value, and accordingly, unrealized capital gains or losses are included in income.

(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.

ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Notes to Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(d) Financial instruments:

The Foundation initially records its financial instruments on the balance sheet at fair value. They are subsequently valued at fair value or amortized cost depending on the classification selected for the financial instrument. Financial assets are classified as either "held-for-trading", "held to maturity", "available-for-sale" or "loans and receivables" and financial liabilities are classified as either "held-for-trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value recorded in the statement of revenue and expenses. Financial assets classified as held to maturity or loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method.

The Foundation has classified its financial instruments as follows:

Cash is classified as held-for-trading.

Investments are classified as held-for-trading.

Rectory loans are classified as loans and receivables.

Accrued liabilities are classified as other liabilities.

The Foundation has elected to not separately account for embedded derivatives.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Investments:

The market values of investments are as follows:

	2010	2009
Russel Canadian Equity Fund	\$ 3,544,320	\$ 3,144,467
Russel Canadian Fixed Income Fund	3,769,857	3,523,567
Russel US Equity Fund	1,709,655	1,538,934
Russel Overseas Equity Fund	1,623,165	1,525,614
Russel Global Equity Fund	574,596	513,320
	<u>\$11,221,593</u>	<u>\$10,245,902</u>

ANGLICAN CHURCH MINISTRIES FOUNDATION, NIAGARA

Notes to Financial Statements (continued)

Year ended December 31, 2010

3. Rectory loans:

Rectory loans are due from several parishes, have no fixed terms of repayment and are non-interest bearing.

4. Endowments:

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

	Restricted Fund	Endowment Fund	2010	Total	2009
Synod – Endowment Fund	\$ 11,464	\$ 527,060	\$ 538,524	\$	\$ 492,297
Gerula Flower Memorial Fund	(43)	5,225	5,182		4,774
Bishop's Company Endowment	17,393	209,528	226,921		200,557
McMaster Campus Ministries Endowment Fund	20,805	77,602	98,407		89,959
Education and Training for Leadership in the Church	65,883	1,379,535	1,445,418		1,321,513
Outreach in the Name of Christ	33,057	689,652	722,709		660,757
St. George's, St. Catharine's Endowment Fund	41,755	686,119	727,874		649,752
Cathedral Place Endowment Fund	45,015	521,674	566,689		391,926
Cathedral Place Clayton/Aetyro	15,725	144,650	160,375		124,050
Charles and Bexcy Daw Endowment Fund	4,411	7,480	11,891		10,870
St. John's, Niagara Falls Endowment Fund	6,261	62,580	68,841		54,750
St. James, Dundas Endowment Fund	146	2,000	2,146		1,962
St. Jude's Foundation of Hope	7,983	87,500	95,483		85,001
Rectory Funds	(504,181)	8,616,516	8,112,335		7,684,902
	\$ (234,326)	\$13,017,121	\$12,782,795		\$11,773,070

5. Financial instruments:

The Foundation is subject to market risk, foreign currency risk and interest rate risk with respect to the Foundation's investments. To manage these risks, the Foundation has established a target mix of investment types designed to achieve the optimal return with reasonable risk tolerances. The Foundation employs diversification of assets across various industries and markets including Canadian, U.S. and International to manage the risk.

6. Comparative Figures:

Certain prior year comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.