



Financial Statements

(Unaudited)

The Diocesan Synod of Fredericton

December 31, 2009

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Review engagement report

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To the Members of
The Diocesan Synod of Fredericton

We have reviewed the statement of financial position of **The Diocesan Synod of Fredericton** as at December 31, 2009 and the statements of operations and changes in fund balances, Operating Fund Program and Ministry Expenditure, Operating Fund Clergy Related Administrative and Episcopal Expenditure, Investment Retained Reserve, Diocesan and Parochial Trusts and Operating Fund Cash Flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Diocese, except as explained below.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

In common with many charitable organizations, The Diocesan Synod of Fredericton derives part of its earnings from contributions and bequests, the completeness of which is not susceptible to satisfactory review procedures. Accordingly, our review of these revenues was limited to the amounts recorded in the records of the Synod and we were not able to determine whether any adjustments might be necessary to contribution revenue and bequests, excess of revenue over expenditure, assets, liabilities and fund balances.

Except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of contributions and bequests referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles

Fredericton, New Brunswick
April 9, 2010

Grant Thornton LLP

Chartered Accountants

The Diocesan Synod of Fredericton
Statement of Financial Position
(Unaudited)
December 31,

	Operating Fund	Capital Assets Fund	Special Purpose Funds (Schedule 2)	Designated Funds (Schedule 1)	Diocesan Trusts (Page 7)	Parochial Trusts (Page 7)	Total 2009	Total 2008
Assets								
Cash and cash equivalents	\$ 276,786	\$ -	\$ 217,461	\$ -	\$ -	\$ -	\$ 494,247	\$ 765,021
Investments	3,102,901	-	-	1,588,357	4,149,941	13,033,304	21,874,503	20,292,177
Parish receivables (Note 4)	334,822	-	25,049	-	-	175,346	535,217	409,005
Other receivables (Note 5)	194,018	-	-	-	-	-	194,018	130,238
	3,908,527	-	242,510	1,588,357	4,149,941	13,208,650	23,097,985	21,596,441
Parish loan (Note 8)	350,000	-	-	-	-	-	350,000	350,000
Interfund receivable (Note 6)	-	-	-	-	145,297	-	145,297	234,550
Capital assets (Note 9)	-	1,411,415	-	-	-	-	1,411,415	1,443,585
	<u>\$ 4,258,527</u>	<u>\$ 1,411,415</u>	<u>\$ 242,510</u>	<u>\$ 1,588,357</u>	<u>\$ 4,295,238</u>	<u>\$ 13,208,650</u>	<u>\$ 25,004,697</u>	<u>\$ 23,624,576</u>
Liabilities								
Payables and accruals	\$ 164,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,700	\$ 146,764
Term loan (Note 14)	-	92,243	-	-	-	-	92,243	95,462
Interfund loan (Note 7)	-	145,297	-	-	-	-	145,297	234,550
Employee savings plan	110,937	-	-	-	-	-	110,937	83,608
	275,637	237,540	-	-	-	-	513,177	560,384
Fund balances								
Fund balances – unrestricted (Note 18)	379,394	-	-	-	-	-	379,394	295,528
Invested in capital assets	-	1,173,875	-	-	-	-	1,173,875	1,113,573
Fund balance – externally restricted	-	-	-	-	4,295,238	13,208,650	17,503,888	18,001,210
Fund balance – internally restricted (Page 6 and Note 18)	3,603,496	-	242,510	1,588,357	-	-	5,434,363	3,653,881
	3,982,890	1,173,875	242,510	1,588,357	4,295,238	13,208,650	24,491,520	23,064,192
	<u>\$ 4,258,527</u>	<u>\$ 1,411,415</u>	<u>\$ 242,510</u>	<u>\$ 1,588,357</u>	<u>\$ 4,295,238</u>	<u>\$ 13,208,650</u>	<u>\$ 25,004,697</u>	<u>\$ 23,624,576</u>

Contingencies (Note 10)

ON BEHALF OF THE BOARD

Diocesan Treasurer

Chair, Finance Committee

See accompanying notes to the financial statements.

The Diocesan Synod of Fredericton

Statement of Operations and Changes in Fund Balances

(Unaudited)

Year ended December 31,

	Operating Fund	Capital Assets Fund	Special Purpose Funds (Schedule 2)	Designated Funds (Schedule 1)	Diocesan Trusts (Page 7)	Parochial Trusts (Page 7)	Total 2009	Total 2008
Revenue								
Parish mission outreach	\$ 654,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 654,997	\$ 686,363
Parish assessments	739,674	-	-	39,644	-	-	779,318	745,224
Investment income – net	(75,583)	-	-	47,602	134,317	443,814	550,150	742,949
Other sources	325,749	99,652	501,609	25,318	49,797	1,155,352	2,157,477	1,909,035
Residential school settlement rebate	-	-	-	-	-	-	-	299,686
Unrealized investment gain	1,901,297	-	-	-	-	-	1,901,297	-
	<u>3,546,134</u>	<u>99,652</u>	<u>501,609</u>	<u>112,564</u>	<u>184,114</u>	<u>1,599,166</u>	<u>6,043,239</u>	<u>4,383,257</u>
Expenditures								
Administrative (Page 5)	509,633	-	-	-	-	-	509,633	528,739
Campaign coordinator fees and expenses	-	-	-	-	-	-	-	9,640
Clergy related (Page 5)	393,600	-	-	-	-	-	393,600	395,394
Depreciation	-	39,350	-	-	-	-	39,350	40,030
Episcopal (Page 5)	180,081	-	-	-	-	-	180,081	170,815
Interest expense	-	7,300	-	-	-	-	7,300	6,844
Other	-	-	-	9,680	-	-	9,680	19,871
Pension supplement program	-	-	-	44,050	-	-	44,050	41,557
Program, mission and ministry (Page 4)	680,507	-	-	-	-	-	680,507	695,422
Special purpose expenditures	-	-	566,638	-	-	-	566,638	541,970
Trust income disbursements	-	-	-	-	25,118	442,498	467,616	646,233
Trust withdrawals	-	-	-	-	2,256	1,715,200	1,717,456	689,181
Unrealized investment loss	-	-	-	-	-	-	-	2,705,179
	<u>1,763,821</u>	<u>46,650</u>	<u>566,638</u>	<u>53,730</u>	<u>27,374</u>	<u>2,157,698</u>	<u>4,615,911</u>	<u>6,490,875</u>
Excess of revenue over expenditures (expenditures over revenue)	1,782,313	53,002	(65,029)	58,834	156,740	(558,532)	1,427,328	(2,107,618)
Interfund transfers	100,427	7,300	31,700	(43,897)	(95,530)	-	-	-
Change in Fund Balance	1,882,740	60,302	(33,329)	14,937	61,210	(558,532)	1,427,328	(2,107,618)
Fund Balance, beginning of year	2,100,150	1,113,573	275,839	1,573,420	4,234,028	13,767,182	23,064,192	25,171,810
Fund Balance, end of year	<u>\$ 3,982,890</u>	<u>\$ 1,173,875</u>	<u>\$ 242,510</u>	<u>\$ 1,588,357</u>	<u>\$ 4,295,238</u>	<u>\$ 13,208,650</u>	<u>\$ 24,491,520</u>	<u>\$ 23,064,192</u>

See accompanying notes to the financial statements.

The Diocesan Synod of Fredericton
Statement of Operating Fund Program and Ministry Expenditure
(Unaudited)
Year Ended December 31,

	<u>2009</u> <u>Budget</u>	<u>2009</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>
Youth Ministries			
University Chaplaincy	\$ 6,595	\$ 5,499	\$ 5,973
Inner City Ministry	17,000	16,999	19,297
Program Staff	30,809	17,626	25,503
Support for Camps	35,500	36,500	17,910
Camp Medley Director	24,609	17,650	12,204
Youth Ministry Director	72,700	76,088	72,539
Council Youth Ministry Team	11,700	4,899	8,179
Spiritual Development			
Council Spiritual Development Team	9,300	7,247	6,883
Clergy Development and Support			
Kings College and AST Grants	14,000	11,500	11,000
Divinity Bursaries	6,000	2,500	8,000
Clergy Development	-	-	183
Curacey Program	30,000	35,000	27,500
Divinity Student Placements	-	5,867	-
Divinity Institution Grants	2,000	2,950	2,950
Discernment	2,500	1,351	4,992
Post Ordination Training	5,200	280	-
Deacons Outfit Grants	12,000	-	25,770
Vocational Diaconate	7,500	4,063	753
Parish Resources and Communications			
Parish Development and Support Team	16,100	3,330	14,953
Resource Centre	3,000	2,834	2,358
Church of England Institute Grant	12,000	12,000	15,000
New Brunswick Anglican	34,560	24,067	26,213
Communication Officer	40,166	38,451	36,824
Stewardship and Financial Development Team	15,000	6,430	2,272
General Mission and Ministry Support			
Grants to Mission Parishes	-	-	-
Diocesan Mission Outreach	230,000	230,000	230,000
Council Mission Team	3,000	1,632	1,961
Companion Diocese Program	5,000	5,700	1,000
Coverdale Foundation Grant	5,000	5,000	5,000
Cathedral Restoration Grant	10,000	10,000	10,000
Hospital Chaplaincies	79,175	76,670	75,246
Missionary Project (Jeffries)	20,200	16,374	22,965
Seafarers Mission Grant	2,000	2,000	2,000
	<u>\$ 762,614</u>	<u>\$ 680,507</u>	<u>\$ 695,428</u>

See accompanying notes to the financial statements.

The Diocesan Synod of Fredericton
Statement of Operating Fund Clergy Related, Administrative
and Episcopal Expenditure
(Unaudited)
Year Ended December 31,

	2009	2009	2008
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Clergy Related			
Group RRSP Contributions	\$ 20,000	\$ 19,742	\$ 19,064
Benefits Plan for Active Clergy	-	270,739	277,821
Employee Assistance Program	5,000	2,034	1,701
Retired Clergy Medical Plan	<u>96,000</u>	<u>101,085</u>	<u>96,808</u>
	<u>\$ 121,000</u>	<u>\$ 393,600</u>	<u>\$ 395,394</u>
Administrative			
Staff Salaries and Related Costs	\$ 200,092	\$ 196,133	\$ 194,248
Staff Travel and Car Replacement	12,900	12,132	10,315
Travel and Meeting Costs	2,000	220	1,800
Archidiaconal Expense	22,400	17,713	19,365
Office Premises Costs	23,400	32,196	19,294
Synod	20,000	-	-
Office Costs	28,980	28,476	21,330
Relocation of Clergy	32,000	16,054	23,839
Miscellaneous	5,000	3,490	4,269
Legal and Professional Fees	31,000	31,204	28,224
Payroll Fees	8,000	6,037	8,496
Directors/Officers Insurance	17,500	15,797	16,653
General Synod Attendance Costs	3,000	-	-
National Assessment	84,210	84,210	84,212
Provincial Synod Assessment	13,928	13,928	12,071
Allowance for Parish Assessments in Arrears	-	13,824	24,962
Diocesan Council Cost	8,500	10,722	4,923
Council Admin Team	6,400	10,622	5,223
Council Episcopal Team	3,500	2,233	3,802
Campaign Expenses	-	4,642	33,713
Employment Contingency Fund	15,000	-	-
Archives	<u>12,000</u>	<u>10,000</u>	<u>12,000</u>
	<u>\$ 549,810</u>	<u>\$ 509,633</u>	<u>\$ 528,739</u>
Episcopal			
Episcopal Stipend and Benefits	\$ 76,643	\$ 74,610	\$ 73,044
Episcopal Travel and Miscellaneous	27,000	25,868	25,716
Bishop Secretarial Cost	48,183	48,358	47,490
Bishop's Court	25,300	19,453	24,565
Transfer to Bishop's Fund	3,000	-	-
Transfer to Lambeth Fund	5,000	-	-
Bishop-Sponsored Events	<u>15,000</u>	<u>11,792</u>	<u>-</u>
	<u>\$ 200,126</u>	<u>\$ 180,081</u>	<u>\$ 170,815</u>

See accompanying notes to the financial statements.

The Diocesan Synod of Fredericton
Statement of Investment Retained Reserve
(Unaudited)
Year Ended December 31,

	2009	2008
Balance, beginning of year	<u>\$ 1,804,622</u>	<u>\$ 4,461,457</u>
Add: Interest on bonds and debentures (includes accrued interest of \$86,062, 2008 - \$78,038)	460,457	509,270
Dividends	<u>248,478</u>	<u>292,691</u>
	<u>708,935</u>	<u>801,961</u>
Less: Interest credited to		
Parochial Trusts	443,814	614,549
Diocesan Trusts	134,317	183,371
Designated Funds	<u>47,602</u>	<u>65,884</u>
	625,733	863,804
Management and custodial fees	<u>72,233</u>	<u>70,613</u>
	<u>697,966</u>	<u>934,417</u>
Net increase (decrease) of interest and dividends over interest credited to funds and trusts and management fees	10,969	(132,456)
Loss on sale of marketable securities	(113,392)	(14,867)
Unrealized gain (loss) on marketable securities	1,901,297	(2,705,179)
Residential schools refund	<u>-</u>	<u>195,667</u>
	<u>1,798,874</u>	<u>(2,656,835)</u>
Balance, end of year	<u>\$ 3,603,496</u>	<u>\$ 1,804,622</u>

See accompanying notes to the financial statements.

The Diocesan Synod of Fredericton
Statement of Diocesan and Parochial Trusts
(Unaudited)
Year Ended December 31,

	<u>2009</u>		<u>2008</u>	
	<u>Diocesan</u> <u>Trusts</u>	<u>Parochial</u> <u>Trusts</u>	<u>Diocesan</u> <u>Trusts</u>	<u>Parochial</u> <u>Trusts</u>
Balance, beginning of year	\$ 4,234,028	\$ 13,767,182	\$ 4,102,264	\$ 13,670,641
Add:				
Interest credited	134,317	443,814	183,371	614,549
Interest contributed	5,465	-	3,420	-
Bonus interest credited to capital	-	-	-	-
Capital receipts	<u>44,332</u>	<u>1,155,352</u>	<u>180,379</u>	<u>713,128</u>
	<u>4,418,142</u>	<u>15,366,348</u>	<u>4,469,434</u>	<u>14,998,318</u>
Less:				
Earnings distributions	120,648	442,498	165,484	611,877
Capital distributions	<u>2,256</u>	<u>1,715,200</u>	<u>69,922</u>	<u>619,259</u>
	<u>122,904</u>	<u>2,157,698</u>	<u>235,406</u>	<u>1,231,136</u>
Balance, end of year	<u>\$ 4,295,238</u>	<u>\$ 13,208,650</u>	<u>\$ 4,234,028</u>	<u>\$ 13,767,182</u>

See accompanying notes to the financial statements.

The Diocesan Synod of Fredericton
Statement of Operating Fund Cash Flows
(Unaudited)
Year Ended December 31,

2009

2008

Increase (decrease) in cash and cash equivalents

Operating

Excess of Operating Fund revenue over expenditure (expenditure over revenue)	\$ 1,782,313	\$ (2,502,283)
Non-cash item adjustments		
Unrealized (gain)/loss	(1,901,297)	2,705,179
Changes in non-cash operating working capital		
Receivables	10,403	(7,395)
Payables and accruals	17,936	(57,609)
	<u>(90,645)</u>	<u>137,892</u>

Investing

Net decrease in interfund receivable	89,253	208,692
Net increase Savings Plan	27,329	6,019
Net increase in parish loans	-	(350,000)
(Increase) decrease in investments (net)	<u>(397,138)</u>	<u>229,326</u>
	<u>(280,556)</u>	<u>94,037</u>

Financing

Transfers	<u>100,427</u>	<u>(45,238)</u>
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Net (decrease) increase in cash and cash equivalents	(270,774)	186,691
Cash and cash equivalents, beginning of year	<u>765,021</u>	<u>578,330</u>
Cash and cash equivalents, end of year	<u>\$ 494,247</u>	<u>\$ 765,021</u>

See accompanying notes to the financial statements.

The Diocesan Synod of Fredericton
Notes to the Financial Statements
(Unaudited)
December 31, 2009

1. Nature of operations

The Diocesan Synod of Fredericton represents the administrative and episcopal head of the Anglican Church of Canada operations in New Brunswick. The corporation is a charitable organization within the meaning of the Income Tax Act (Canada) and as such, is exempt from income taxes.

2. Summary of significant accounting policies

(a) Fund accounting

The Diocese has adopted Fund accounting to classify and report certain aspects of its operations. The specific funds established by the Diocese are as follows:

Internally restricted funds

Provisions for Special Purposes

Special Purpose Funds refer to funds received or allocated from budget for future use or distribution in support of specific endeavours. These funds generally do not accrue any interest benefit and there is no external restriction as to use of capital.

	<u>2009</u>	<u>2008</u>
Other (Schedule 2)	<u>\$ 242,510</u>	<u>\$ 275,839</u>

Designated Funds

Designated Funds are held by the Diocese and are generally limited to use of earnings only. Earnings are distributed or remitted in a manner consistent with historical or specific terms of reference for each fund.

Investment Retained Reserve

The Investment Retained Reserve represents an internal equity position within the investment portfolio which is not available to benefit general operations.

Capital Asset Fund

The Capital Asset Fund reports the assets, liabilities, revenue and expenses related to capital assets.

Externally Restricted Funds

Diocesan Trusts

Diocesan Trusts have been established through estate bequests and are generally limited to use of earnings only. Earnings are distributed or remitted as per the terms of each individual legacy.

Parochial Trusts

Parochial Trusts have been established through funding from individual parishes and their use is restricted as specified by those parishes.

The Diocesan Synod of Fredericton
Notes to the Financial Statements
(Unaudited)
December 31, 2009

2. Summary of significant accounting policies (Continued)

(b) Depreciation

Capital assets are recorded at cost and amortized over the useful lives of the assets. The annual rates to amortize assets are as follows:

Buildings	40 years straight line
Office furniture and equipment	5 years straight line

(c) Collections- Antiques

The Diocese maintains collections of antique furniture and books with an insured value of \$76,000. The collections are not capitalized. There were no maintenance expenses with respect to the collections in the current year.

(d) Investments

Investments are classified as held for trading. They are recorded at fair value using quoted market prices with changes in fair value recognized as unrealized gains or losses in the net income calculation for the Investment Fund retained reserve. Transaction costs related to the purchase of investments are charged immediately to net income.

(e) Investment earnings

Interest credited to Designated Funds, Provision for Special Purposes, Diocesan Development Fund and Diocesan and Parochial Trusts, is calculated on the balance of capital using a rate of 3.25% (2008 - 4.5%).

Gains and losses realized or unrealized on investment dispositions are credited or charged to the Operating fund in the year of disposition. Periodically, a bonus is credited to other Funds and Trusts on account of net gains realized. In 2009 there was no bonus credited.

(f) Cash and cash equivalents

Cash and cash equivalents include balances in bank accounts, income related cash balances in investment accounts and guaranteed investment certificates with maturities of one year or less.

(g) Contributed services

Volunteers contribute numerous hours per year to assist the Diocese in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(h) Revenue recognition

Contributions and other revenue amounts are recognized as revenue if information or estimates are reasonably available and collection is reasonably assured. No revenue is recognized for amounts pledged but not received. Investment income is recognized on an accrual basis, as it is earned.

The Diocesan Synod of Fredericton
Notes to the Financial Statements
(Unaudited)
December 31, 2009

2. Summary of significant accounting policies (Continued)

(i) Expense recognition

Expenses are recognized on an accrual basis as costs are incurred. Administration and general expenditures are not subject to reallocation procedures to projects and activities.

(j) Post retirement benefits

The employees of the Diocese participate in a defined benefit pension plan administered nationally by the Anglican Church of Canada as referred to in Note 10.

(k) Use of estimates

In preparing the Diocese's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Significant areas requiring the use of estimates relate to depreciation rates, estimated useful lives of capital assets and the amount of allowance determined for potential non-collection of receivables. Actual results could differ from these estimates.

(l) Future accounting standards

The Accounting Standards Board has issued an exposure draft proposing accounting standards for not for profit organizations. The Accounting Standard Board expects the final standards to be issued late in 2010.

3. Rothesay Collegiate School property

Certain lands and buildings that were part of the original school property have been leased to the Rothesay Collegiate School at a nominal rental of \$1 per year to December 31, 2100.

4. Parish receivables

	Operating Fund	Special Purpose Fund	Parochial Trusts	2009	2008
Assessments owed	\$ 54,579	\$ -	\$ -	\$ 54,579	\$ 45,569
Pension assessment arrears	(464)	-	-	(464)	(357)
Late payments from parishes	296,237	25,049	175,346	496,632	394,909
Allowance for unpaid amounts	(15,530)	-	-	(15,530)	(31,116)
	<u>\$ 334,822</u>	<u>\$ 25,049</u>	<u>\$ 175,346</u>	<u>\$ 535,217</u>	<u>\$ 409,005</u>

5. Other receivables

	2009	2008
Accrued interest receivable on investments	\$ 86,062	\$ 78,038
Clergy loans (Note 8)	32,394	40,484
Harmonized sales tax receivable	10,297	9,932
Other receivables	68,265	1,784
Allowance for unpaid amounts	<u>(3,000)</u>	<u>-</u>
	<u>\$ 194,018</u>	<u>\$ 130,238</u>

The Diocesan Synod of Fredericton
Notes to the Financial Statements
(Unaudited)
December 31, 2009

6. Amounts due from related fund

The amount bears interest at 3.25% and is due on demand with no specific terms of repayment.

7. Amounts due to related fund

The amount bears interest at 3.25% and is due on demand with no specific terms of repayment.

8. Loans receivable

The parish loan bears interest at 4.5% and repayment will commence in 2013.

Loans to clergy, are interest bearing with specific terms of repayment. Interest is calculated at the prime rate of interest as determined by the Diocese's bank.

9. Capital assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2009 Net Book Value</u>	<u>2008 Net Book Value</u>
Land	\$ 163,065	\$ -	\$ 163,065	\$ 163,065
Buildings	1,886,463	638,691	1,247,772	1,276,725
Furniture and equipment	<u>104,274</u>	<u>103,696</u>	<u>578</u>	<u>3,795</u>
	<u>\$ 2,153,802</u>	<u>\$ 742,387</u>	<u>\$ 1,411,415</u>	<u>\$ 1,443,585</u>

10. Contingencies

The Diocese has guaranteed loans to parishes from the Anglican Foundation totalling \$302,680 at December 31, 2009.

The Diocese has guaranteed inter parish loans totalling \$415,567 at December 31, 2009. The Diocese has also guaranteed the debt of a parish to the Bank of Nova Scotia to a maximum of \$650,000.

11. Employee Future Benefits

The Diocese and its employees participate in a multi-employer contributory defined benefit pension plan (the General Synod Pension Plan of the Anglican Church of Canada). The Diocese also participates in the national Employers Group Benefits Plan (Retirees) which is a benefits plan for retired clergy.

Since sufficient information is not readily available to account for the Diocese's participation in either plan using defined benefit plan accounting, these financial statements have been prepared using accounting rules for defined contribution plans.

The current year pension plan expense for Diocese office and administrative staff was \$43,272 (2008 - \$53,775). The current year pension plan remittance for all Diocese staff and parish personnel including clergy was \$591,869 (2008-\$586,738). The current year expense for the retired clergy benefits plan under the administration of the national office was \$57,049 (2008 - \$56,872).

The Diocesan Synod of Fredericton
Notes to the Financial Statements
(Unaudited)
December 31, 2009

12. Budget

The 2009 budget figures, presented for comparison with the actual figures, were approved by the Diocesan Council and have not been subject to review engagement procedures.

13. Related parties

The Diocese appoints all members of the board of directors of Camp Medley. In this capacity, under the definitions of Canadian generally accepted accounting principles, the Diocese controls this organization and therefore further information on Camp Medley's operations is required to be presented in these financial statements.

Camp Medley has not been consolidated in the Diocese's financial statements. An unaudited financial summary of Camp Medley at December 31, is as follows:

	<u>2009</u>	<u>2008</u>
Financial position		
Total assets	\$ <u>19,493</u>	\$ <u>18,259</u>
Total liabilities	\$ <u>15,102</u>	\$ <u>8,049</u>
Total net assets	\$ <u>4,391</u>	\$ <u>10,210</u>
Results of operations		
Total revenue	\$ <u>163,857</u>	\$ 197,240
Total expenditures	<u>189,213</u>	<u>195,983</u>
Excess of (expenditures over revenue) revenue over expenditures	<u>\$ (25,356)</u>	<u>\$ 1,257</u>

The Diocese has operating relationships with numerous other entities which, for purposes of determining related parties under Canadian generally accepted accounting principles, are not considered to indicate control or significant influence over any of those entities.

14. Term loan

	<u>2009</u>	<u>2008</u>
Anglican Foundation of Canada term loan repayable in monthly installments of \$660 bearing interest at 5% maturing June 7, 2027.	\$ <u>92,243</u>	\$ <u>95,462</u>

Scheduled principal repayments within each of the next five years are as follows:

2010	\$ 3,384
2011	\$ 3,557
2012	\$ 3,739
2013	\$ 3,930
2014	\$ 4,132

15. Financial instruments

The Diocese's financial instruments consist of cash, receivables, investments, payables and debt. Unless otherwise noted it is management's opinion that the Diocese is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

The Diocesan Synod of Fredericton
Notes to the Financial Statements
(Unaudited)
December 31, 2009

15. Financial instruments (Continued)

The Diocese has elected to use the exemption provided by the CICA permitting not for profit organizations not to apply sections 3862 and 3863 of the CICA Handbook. The Diocese did not enter into any derivative financial arrangements for hedging or speculative purposes.

Investments

Composition of the total investment portfolio as at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Cash	\$ 11,495	\$ 17,346
Fixed income	9,494,524	9,601,837
Equities - Canadian	5,979,236	5,316,729
- Foreign	5,676,123	4,812,140
Money Market Funds	<u>713,125</u>	<u>544,125</u>
	<u>\$ 21,874,503</u>	<u>\$ 20,292,177</u>

The Diocese has established policies for the management of its investments. All of the Diocese's investments are managed by independent, external investment managers. The compliance of these managers with the investment policies is monitored on a regular basis.

The Diocese's investment strategy is designed to maintain an investment portfolio of high quality financial assets. The Diocese manages investment risk by diversifying its portfolio among asset classes, industry sectors and individual securities.

The bond portfolio is subject to the credit risk of issuers failing to honour the payment terms. This risk is managed by investing in high quality government bonds and limiting exposure to any one issuer or issue.

Details of bond maturities and interest ranges for investments held as at December 31, 2009 are as follows:

	<u>Market Value</u>	<u>Interest Range</u>
One year or less	\$ -	-
One year to five years	3,643,230	3.35 - 6.65%
More than five years	<u>5,851,294</u>	4.30 - 8.00%
	<u>\$ 9,494,524</u>	

Loans and receivables

The Diocese is subject to credit risk through loans and loans receivable. The Diocese maintains a provision for credit losses and such losses to date have been within management's expectations.

16. Line of credit

The Diocese has an operating line of credit to a maximum of \$250,000 authorized credit at an interest rate of Prime. The credit facility is secured by investments to a maximum of \$750,000. At December 31, 2009 there is no balance drawn on this credit facility.

The Diocesan Synod of Fredericton
Notes to the Financial Statements
(Unaudited)
December 31, 2009

17. Capital management

Management considers capital to be the Diocese's fund balances. The Diocese's objective when managing capital is to maintain financial strength to sustain long term delivery of its core services.

To assist in managing investment capital the Diocese employs a capital management plan, in the form of an Investment Policy Statement ("IPS"), that is reviewed annually by the Finance Committee. The IPS, which establishes policies for management of its investments, dictates the Diocese's approach to growth, credit quality and profitability objectives. The overall objectives in investing the assets of the Diocese are to preserve and enhance the value of capital through adequate diversification in high quality investments and achieve the highest investment return that can be obtained within the level of risk acceptable to the Finance Committee. The following description of the IPS is a summary only. For more information, reference should be made to the IPS document.

Subject to limitations, the IPS investment guidelines outline that the investment fund may invest in any or all of the following asset categories: Equities and Fixed Income. The proportion of investment in each asset class is subject to restrictions including maintaining the following asset mix; 40% - 55% investment in equities and 40% - 55% investment in Fixed Income.

There has been no change in the overall strategy employed during the year ended December 31, 2009.

18. Operating Fund Balance	2009		2008	
	<u>Unrestricted</u>	<u>Internally Restricted Investment Retained Reserve (Page 6)</u>	<u>Unrestricted</u>	<u>Internally Restricted Investment Retained Reserve (Page 6)</u>
Beginning balance	\$ 295,528	\$ 1,804,622	\$ 186,214	\$ 4,461,457
Excess of revenue over expenditure (expenditure over revenue)	1,782,313	-	(2,502,283)	-
Investment Retained Reserve adjustments				
Investment income	75,583	(75,583)	120,855	(120,855)
Unrealized (loss)/gain	(1,901,297)	1,901,297	2,705,179	(2,705,179)
Residential school – refund	-	-	(195,667)	195,667
Administration expense	26,840	(26,840)	26,468	(26,468)
	<u>(16,561)</u>	<u>1,798,874</u>	<u>154,552</u>	<u>(2,656,835)</u>
Interfund transfers	<u>100,427</u>	-	<u>(45,238)</u>	-
Ending balance	<u>\$ 379,394</u>	<u>\$ 3,603,496</u>	<u>\$ 295,528</u>	<u>\$ 1,804,622</u>

Additional information

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To the Members of
The Diocesan Synod of Fredericton

In connection with our review of the financial statements of **The Diocesan Synod of Fredericton** for the year ended December 31, 2009, we have reviewed the information presented in the following schedules which has been taken from the records of the Synod.

Our review of the Synod's financial statements was intended primarily for the purpose of providing a review engagement report on the basic financial statements taken as a whole and was not intended to enable us to issue a review engagement report addressing the fairness of all of the detailed information presented in the attached schedules of funds, provisions for special purposes and trust funds.

Consequently, we do not express an opinion on the detailed information contained in the attached schedules.

Grant Thornton LLP

Fredericton, New Brunswick
April 9, 2010

Chartered Accountants

The Diocesan Synod of Fredericton
Designated Funds
(Unaudited)
December 31, 2009

Schedule 1

	Balance Jan. 1, <u>2009</u>	<u>Income</u>	<u>Expenditures</u>	<u>Transfers</u>	Balance Dec. 31, <u>2009</u>
Diocesan Missions	\$ 587,199	\$ 19,084	\$ -	\$ (19,084)	\$ 587,199
Divinity Scholarships	285,697	14,648	(2,500)	2,012	299,857
Episcopal Endowment	248,430	8,074	-	(8,074)	248,430
Widows and Orphans Discretionary	270,651	8,490	(5,500)	(7,000)	266,641
Pension Supplement	82,995	41,203	(44,050)	4,444	84,592
Education of Children of Clergy	43,111	1,346	(1,680)	-	42,777
Clergy Benevolent Fund	11,390	370	-	179	11,939
Diocesan Development Fund	32,515	3,122	-		35,637
Diocesan Missionary Society	<u>11,432</u>	<u>16,227</u>	<u>-</u>	<u>(16,374)</u>	<u>11,285</u>
	<u>\$ 1,573,420</u>	<u>\$ 112,564</u>	<u>\$ (53,730)</u>	<u>\$ (43,897)</u>	<u>\$ 1,588,357</u>

The balances at December 31, 2009 include undistributed income as follows:

Divinity Education	\$ 72,047
Pension Supplement	\$ 36,598
Education Clergy Children	\$ 1,356
Windows Orphans	\$ 5,414

The Diocesan Synod of Fredericton
Provisions for Special Purposes – Other
(Unaudited)
Year Ended December 31, 2009

Schedule 2

	Balance	Transfer			Balance
	Jan. 1,	(To)/From	Contri-	Disburse-	Dec. 31,
	2009	Operating	butions	ments	2009
		Fund			
Continuing Education of Clergy Fund	\$ 1,380	\$ -	\$ 32,857	\$ 31,294	\$ 2,943
Travel Pool Funds	46,207	-	-	6,648	39,559
Synod Session Reserve	23,500	14,000	1,700	34,332	4,868
Lambeth Fund	6,315	5,000	798	923	11,190
Office Equipment Fund	21,213	-	-	2,066	19,147
Reserve for General Synod	4,000	4,500	-	-	8,500
Reserve for Grant Payment	45,000	5,000	-	-	50,000
Reserve for Premises					
Repairs and maintenance	16,677	(1,000)	-	-	15,677
Trinity Restoration Fund	2,853	-	154	167	2,840
Reserve for Archives	3,238	-	-	81	3,157
Dorchester Ministry	6,106	-	74,477	74,476	6,107
Insurance Funding Program	49,378	-	309,346	331,642	27,082
Special appeals					
Clergy College	1,341	1,200	11,090	12,268	1,363
Bishops' Dinner/Youth Ministry	2,692	-	-	127	2,565
Bishops' Fund	1,627	3,000	-	3,902	725
Primates World Relief	-	-	61,207	61,207	-
Mission projects funded by parishes and others	32,346	-	7,953	7,505	32,794
Episcopal Discretionary Fund	11,966	-	-	-	11,966
Bishop's AIDS walk	-	-	2,027	-	2,027
	<u>\$ 275,839</u>	<u>\$ 31,700</u>	<u>\$ 501,609</u>	<u>\$ 566,638</u>	<u>\$ 242,510</u>

The Diocesan Synod of Fredericton
Diocesan Trust Funds Capital and Undistributed Earnings
(Unaudited)
Year Ended December 31, 2009

Schedule 3

	Capital			Undistributed Income					Diocesan Trusts Total
	Opening Balance	Receipts (Disbursements)	Closing Balance	Opening Balance	Interest on Capital Fund Balances & Deposits	Disbursements and Transfers	Capitalized	Closing Balance	
Adair, Verna G. Memorial	\$ 2,237	\$ -	\$ 2,237	\$ -	\$ 73	\$ 73	\$ -	\$ -	\$ 2,237
Alnwick Glebe	1,025	-	1,025	-	33	33	-	-	1,025
Anderson, John M.	3,543	-	3,543	-	115	115	-	-	3,543
Armstrong, Louisa	6,935	-	6,935	312	225	-	-	537	7,472
Armstrong, John R.	5,495	-	5,495	-	179	179	-	-	5,495
Archbishop Richardson Memorial	1,162	-	1,162	297	38	-	-	335	1,497
Bennett, Helen A	7,333	-	7,333	-	238	238	-	-	7,333
Bishop Kingdom Memorial	4,513	-	4,513	-	147	147	-	-	4,513
Bishop Medley Divinity Scholarship	23,266	-	23,266	-	756	756	-	-	23,266
Bishop Medley Memorial Canonry	361,039	-	361,039	872	11,734	12,000	-	606	361,645
Bishop Nutter Scholarship	53,534	25	53,559	13,336	1,741	-	-	15,077	68,636
Belyea, James W.	3,582	-	3,582	-	116	116	-	-	3,582
Board of Religious Education, Forsythe	2,655	-	2,655	(1)	86	-	-	85	2,740
Brock, John D., Memorial Prize	511	-	511	1	17	-	-	18	529
Brown, Julia	8,043	-	8,043	-	261	261	-	-	8,043
Camp Medley Fund	4,494	-	4,494	183	146	-	-	329	4,823
Campers Fund	404	490	894	27	29	-	-	56	950
Church Home Bequest	72,316	-	72,316	3,254	2,350	-	-	5,604	77,920
Clark, Delphine	3,230	-	3,230	-	105	105	-	-	3,230
Clements, Edith Rose	46,309	-	46,309	13,937	1,505	-	-	15,442	61,751
Clements, Wm. and Mary Jane	28,592	-	28,592	8,604	929	-	-	9,533	38,125
Crowell, Dr. Ivan	21,097	-	21,097	2,592	1,151	350	-	3,393	24,490
Cody, Mrs. C. F.	2,655	-	2,655	-	86	86	-	-	2,655
Coupe, Sara E., Memorial	28,140	-	28,140	-	914	914	-	-	28,140
Cursillo Investment fund	2,828	-	2,828	231	92	-	-	323	3,151
Dean, Mabel	27,333	25	27,358	1,484	889	1,000	-	1,373	28,731
Doering, Mrs. Aileen, Memorial	83,857	-	83,857	-	2,725	2,725	-	-	83,857
Douglas, Helen – Divinity	39,476	-	39,476	-	1,283	1,283	-	-	39,476
Diocesan Mission, Archdeacon Forsythe	2,655	-	2,655	-	86	86	-	-	2,655
Drillen MML Scholarship	1,012	500	1,512	62	46	-	-	108	1,620
Endowment Fund (08)	50	-	50	2	2	-	-	4	54
Franchetti, Canon N.	100,930	-	100,930	-	3,280	3,280	-	-	100,930
Fredericton Lay Readers	14,060	-	14,060	-	457	457	-	-	14,060
Hall Memorial Music Fund	7,280	200	7,480	283	243	450	-	76	7,556
Harrison, W. H.	2,362	-	2,362	(1)	77	-	-	76	2,438
Harrison, Leslie L.	12,121	300	12,421	-	404	404	-	-	12,421
Hazen, Miss D. B.	31,305	-	31,305	-	1,017	1,017	-	-	31,305
Hazen, Margaret M.	1,584	-	1,584	-	51	51	-	-	1,584
Hill, Ernest Lawrence	214,229	-	214,229	-	6,962	6,962	-	-	214,229
Hughson, G. M.	26,548	-	26,548	-	863	863	-	-	26,548
Jacobs, Mary	96	500	596	16	19	-	-	35	631
Jarvis, Florence A.	2,427	-	2,427	-	79	79	-	-	2,427
Jubilee Sabbatical	49,755	2,000	51,755	5,598	6,619	3,500	-	8,717	60,472
Ketchum, Dorothy	1,979	-	1,979	-	64	64	-	-	1,979
Carried Forward	1,313,997	4,040	1,318,037	51,089	48,232	37,594	-	61,727	1,379,764

The Diocesan Synod of Fredericton
Diocesan Trust Funds Capital and Undistributed Earnings
(Unaudited)
Year Ended December 31, 2009

Schedule 3A

	Capital			Undistributed Income				Diocesan Trusts Total	
	Opening Balance	Receipts (Disbursements)	Closing Balance	Opening Balance	Interest on Capital Fund Balances & Deposits	Disbursements and Transfers	Capitalized		Closing Balance
Brought Forward	1,313,997	4,040	1,318,037	51,089	48,232	37,594	-	61,727	1,379,764
Ketchum, Peter	3,212	-	3,212	-	104	104	-	-	3,212
Laskey Medical Emergency	5,799	189	5,988	1	189	-	189	1	5,989
MacDonald, Ernest H.	23,907	-	23,907	-	777	777	-	-	23,907
McEwen, William	1,461	-	1,461	-	48	48	-	-	1,461
McLeod, Margaret V., Memorial	3,982	-	3,982	-	129	129	-	-	3,982
McSweeney, E. M.	773	-	773	-	25	25	-	-	773
Mooers, C. LeRoi	57,692	-	57,692	-	1,875	1,875	-	-	57,692
Murphy, William	17,942	-	17,942	-	583	583	-	-	17,942
Murray Choir School	2,453	25	2,478	110	80	110	-	80	2,558
Nichols Trust	318,570	-	318,570	-	10,354	10,354	-	-	318,570
Odell Trust	382,278	-	382,278	-	12,424	12,424	-	-	382,278
Palmer, Lena and Roy	50,146	-	50,146	-	1,630	1,630	-	-	50,146
Pendlebury, Mina	75,150	-	75,150	-	2,442	2,442	-	-	75,150
Pepperdene Companion Spiritual Growth	16,994	-	16,994	(200)	552	300	-	52	17,046
Pickett-Scovil Memorial	347,780	34,811	382,591	9,321	11,324	11,472	-	9,173	391,764
Raymond, Robert M.	105,602	-	105,602	-	3,432	3,432	-	-	105,602
Robertson, James F	34,629	-	34,629	16,281	1,125	-	-	17,406	52,035
Robertson, Muriel	43,276	-	43,276	-	1,406	1,406	-	-	43,276
Russell Cursillo	3,730	-	3,730	195	121	-	-	316	4,046
Saumeres Glebe Trust	1,327	-	1,327	-	43	43	-	-	1,327
School of Church Music	15,729	-	15,729	705	509	705	-	509	16,238
Secord, Rev. J. A.	9,956	-	9,956	-	324	324	-	-	9,956
Sheppard Trust	21,839	(2,006)	19,833	-	677	-	-	677	20,510
Smith, Lucretia	2,655	-	2,655	-	86	86	-	-	2,655
St. Paul's Valley	1,052,322	-	1,052,322	11,667	34,200	30,650	-	15,217	1,067,539
Teed, Hugh and Lionel, Memorial	26,547	-	26,547	-	864	864	-	-	26,547
Thorpe Trinity Church	1,259	-	1,259	545	41	-	-	586	1,845
Todd, Charles F., Memorial Scholarship	29,338	-	29,338	-	955	955	-	-	29,338
Walker, Dr. T. Dyson	1,328	-	1,328	-	44	44	-	-	1,328
Young, Mrs. Muriel V.	996	-	996	1,148	33	-	-	1,181	2,177
Episcopal Endowment Trust	1,221	-	1,221	-	40	40	-	-	1,221
Bishop's Discretionary									
Tay Creek	61,117	1,500	62,617	2,432	1,986	-	1,500	2,918	65,535
Todd Benevolent Trust	65,652	3,517	69,169	8,992	2,194	-	-	11,186	80,355
St. Pauls Oak Point Trust	12,190	-	12,190	2,313	396	-	-	2,709	14,899
Minchin Gordon	10,570	-	10,570	-	344	343	-	1	10,571
Dewolfe Fund	5,950	-	5,950	60	194	200	-	54	6,004
	<u>\$ 4,129,369</u>	<u>\$ 42,076</u>	<u>\$ 4,171,445</u>	<u>\$ 104,659</u>	<u>\$ 139,782</u>	<u>\$ 118,959</u>	<u>\$ 1,689</u>	<u>\$ 123,793</u>	<u>\$ 4,295,238</u>