



Financial Statements

(Unaudited)

The Diocesan Synod of Fredericton

December 31, 2010

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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, 2010 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 Trust Fund Capital and Undistributed Earnings 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 equity.

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

Grant Thornton LLP

Fredericton, New Brunswick
June 9, 2011

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 2010	Total 2009
Cash and cash equivalents	\$ 572,698	\$ -	\$ 378,225	\$ -	\$ -	\$ -	\$ 950,923	\$ 494,247
Investments	3,728,638	-	-	1,610,965	4,076,409	13,357,399	22,773,411	21,874,503
Parish receivables (Note 4)	307,627	-	-	-	-	-	307,627	535,217
Other receivables (Note 5)	187,768	25,129	-	-	-	-	212,897	194,018
	4,796,731	25,129	378,225	1,610,965	4,076,409	13,357,399	24,244,858	23,097,985
Parish loan (Note 8)	350,000	-	-	-	-	-	350,000	350,000
Interfund receivable (Note 6)	-	-	-	-	247,246	-	247,246	145,297
Capital assets (Note 9)	-	2,040,874	-	-	-	-	2,040,874	1,411,415
	<u>\$ 5,146,731</u>	<u>\$ 2,066,003</u>	<u>\$ 378,225</u>	<u>\$ 1,610,965</u>	<u>\$ 4,323,655</u>	<u>\$ 13,357,399</u>	<u>\$ 26,882,978</u>	<u>\$ 25,004,697</u>
Payables and accruals	\$ 224,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,962	\$ 164,700
Term loan (Note 14)	-	88,858	-	-	-	-	88,858	92,243
Deferred contributions (Note 15)	-	466,100	-	-	-	-	466,100	-
Interfund loan (Note 7)	-	247,246	-	-	-	-	247,246	145,297
Employee savings plan	76,096	-	-	-	-	-	76,096	110,937
	301,058	802,204	-	-	-	-	1,103,262	513,177
Fund balances – unrestricted (Note 18)	441,203	-	-	-	-	-	441,203	379,394
Invested in capital assets	-	1,263,799	-	-	-	-	1,263,799	1,173,875
Fund balance – externally restricted	-	-	-	-	4,323,655	13,357,399	17,681,054	17,503,888
Fund balance – internally restricted- (Page 6 and Note 18)	4,404,470	-	378,225	1,610,965	-	-	6,393,660	5,434,363
	4,845,673	1,263,799	378,225	1,610,965	4,323,655	13,357,399	25,779,716	24,491,520
	<u>\$ 5,146,731</u>	<u>\$ 2,066,003</u>	<u>\$ 378,225</u>	<u>\$ 1,610,965</u>	<u>\$ 4,323,655</u>	<u>\$ 13,357,399</u>	<u>\$ 26,882,978</u>	<u>\$ 25,004,697</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)

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 2010	Total 2009
Revenue								
Shared Ministry	\$ 1,400,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,400,484	\$ 654,997
Parish assessments	-	-	-	38,064	-	-	38,064	779,318
Investment income – net	(49,474)	-	-	62,157	177,450	567,536	757,669	550,150
Other Contributions	325,607	129,169	635,175	23,010	41,734	1,142,826	2,297,521	2,157,477
Amortization of Deferred contributions	-	5,900	-	-	-	-	5,900	-
Unrealized investment gain	880,047	-	-	-	-	-	880,047	1,901,297
	<u>2,556,664</u>	<u>135,069</u>	<u>635,175</u>	<u>123,231</u>	<u>219,184</u>	<u>1,710,362</u>	<u>5,379,685</u>	<u>6,043,239</u>
Expenditures								
Administrative (Page 5)	438,806	-	-	-	-	-	438,806	509,633
Clergy related (Page 5)	403,767	-	-	-	-	-	403,767	393,600
Depreciation	-	45,145	-	-	-	-	45,145	39,350
Episcopal Ministry (Page 5)	177,282	-	-	-	-	-	177,282	180,081
Interest expense	-	12,173	-	-	-	-	12,173	7,300
Other	-	-	-	13,153	-	-	13,153	9,680
Pension supplement program	-	-	-	37,970	-	-	37,970	44,050
Program, mission and ministry (Page 4)	756,801	-	-	-	-	-	756,801	680,507
Special purpose expenditures	-	-	551,502	-	-	-	551,502	566,638
Trust income disbursements	-	-	-	-	67,881	435,941	503,822	467,616
Trust withdrawals	-	-	-	-	25,396	1,125,672	1,151,068	1,717,456
	<u>1,776,656</u>	<u>57,318</u>	<u>551,502</u>	<u>51,123</u>	<u>93,277</u>	<u>1,561,613</u>	<u>4,091,489</u>	<u>4,615,911</u>
Excess of revenue over expenditures (expenditures over revenue)	780,008	77,751	83,673	72,108	125,907	148,749	1,288,196	1,427,328
Interfund transfers	82,775	12,173	52,042	(49,500)	(97,490)	-	-	-
Change in Fund Balance	862,783	89,924	135,715	22,608	28,417	148,749	1,288,196	1,427,328
Fund balance, beginning of year	3,982,890	1,173,875	242,510	1,588,357	4,295,238	13,208,650	24,491,520	23,064,192
Fund balance, end of year	<u>\$ 4,845,673</u>	<u>\$ 1,263,799</u>	<u>\$ 378,225</u>	<u>\$ 1,610,965</u>	<u>\$ 4,323,655</u>	<u>\$ 13,357,399</u>	<u>\$ 25,779,716</u>	<u>\$ 24,491,520</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,

	2010	2010	2009
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Youth Ministries			
University Chaplaincy	\$ 7,071	\$ 5,582	\$ 5,499
Inner City Ministry	17,000	17,155	16,999
Christian Education Director	26,941	267	17,626
Camp Ministry Support	36,900	44,188	36,500
Camp Medley Director	23,491	21,443	17,650
Youth Action Director	74,778	74,620	76,088
Council Youth Ministry Team	8,500	3,225	4,899
Spiritual Development			
Council Spiritual Development Team	12,400	8,036	7,247
Other Divinity Institution Support	-	3,150	2,950
Support for Kings College and AST	1,600	15,000	11,500
Clergy Development and Support			
Divinity Bursaries	6,000	7,500	2,500
Clergy Conferences	-	-	-
Curacey Program	22,500	10,000	35,000
Summer Training Program	-	-	5,867
Discernment Process	2,500	8,048	1,351
Post Ordination Training	3,500	-	280
Outfit Grants	6,000	12,885	-
Vocational Diaconate	5,000	3,610	4,063
Parish Development and Support			
Parish Development and Support Team	13,000	6,668	3,330
Resource Centre	4,000	1,089	2,834
Church of England Institute Grant	12,000	12,000	12,000
New Brunswick Anglican Production and Distribution	30,000	23,995	24,067
Communication Officer	38,839	38,895	38,451
Stewardship and Financial Development Team	20,000	6,217	6,430
Mission and Ministry Support			
Mission Support - General Synod	317,210	317,210	230,000
Council Mission Team	3,250	2,171	1,632
Companion Diocese Committee	2,500	-	5,700
Coverdale Foundation Support	5,000	5,000	5,000
Cathedral Fabric Grant	10,000	10,000	10,000
Hospital Chaplaincies	80,696	72,043	76,670
Uganda Mission Project	18,900	24,804	16,374
Saint John Port Mission Support	2,000	2,000	2,000
	<u>\$ 825,976</u>	<u>\$ 756,801</u>	<u>\$ 680,507</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,

	<u>2010</u> <u>Budget</u>	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
Clergy Related			
Group RSP	\$ 20,000	\$ 18,230	\$ 19,742
Benefits Plan	-	265,245	270,739
Employee Assistance Program	5,200	3,834	2,034
Retired Clergy Medical Plan	<u>108,000</u>	<u>116,459</u>	<u>101,085</u>
	<u>\$ 133,200</u>	<u>\$ 403,767</u>	<u>\$ 393,600</u>
Administrative			
Administrative Staff Employment	\$ 205,076	\$ 199,642	\$ 196,133
Staff Travel and Car Reimbursement	13,100	10,793	12,132
General Travel and Meeting Costs	2,000	216	220
Archidiaconal Expense	22,600	18,520	17,713
Synod Office Premises	25,575	19,750	32,196
Synod	20,000	-	-
General Office Expenses	28,980	24,229	28,476
Relocation of Clergy	32,000	31,606	16,054
Miscellaneous	5,000	3,780	3,490
Legal and Professional Fees	32,000	32,394	31,204
Payroll and Banking Fees	9,000	8,754	6,037
Directors/Officers Insurance	18,000	13,458	15,797
General Synod Attendance Costs	4,500	-	-
National Assessment	-	-	84,210
Provincial Synod Assessment	13,928	13,928	13,928
Allowance for Uncollectibles	-	25,397	13,824
Diocesan Council	9,000	2,657	10,722
Council Admin Team	39,900	15,985	10,622
Campaign Expenses	-	-	4,642
Employment Contingency Fund	-	6,383	-
Archives Maintenance	13,300	11,314	10,000
Capital debt servicing cost	<u>12,240</u>	<u>-</u>	<u>-</u>
	<u>\$ 506,199</u>	<u>\$ 438,806</u>	<u>\$ 507,400</u>
Episcopal Ministry			
Episcopal Stipend and Related Costs	\$ 79,449	\$ 77,066	\$ 74,610
Episcopal Ministry Support	27,800	21,781	25,868
Episcopal Support Staff	49,040	49,041	48,358
Care and Maintenance - Bishop's Court	26,800	17,281	19,453
Transfer to Bishop's Fund	4,500	-	-
Transfer to Lambeth Fund	5,000	-	-
Bishop-Sponsored Program Events	-	-	11,792
Council Episcopal Team	<u>13,500</u>	<u>12,113</u>	<u>2,233</u>
	<u>\$ 206,089</u>	<u>\$ 177,282</u>	<u>\$ 182,314</u>

See accompanying notes to the financial statements.

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

	2010	2009
Balance, beginning of year	<u>\$ 3,603,496</u>	<u>\$ 1,804,622</u>
Add: Interest on bonds and debentures (includes accrued interest of \$69,694, 2009 - \$86,062)	445,426	460,457
Dividends	<u>253,704</u>	<u>248,478</u>
	<u>699,130</u>	<u>708,935</u>
Less: Interest credited to		
Parochial Trusts	567,536	443,814
Diocesan Trusts	177,450	134,317
Designated Funds	<u>62,157</u>	<u>47,602</u>
	<u>807,143</u>	<u>625,733</u>
Management and custodial fees	<u>74,813</u>	<u>72,233</u>
	<u>881,956</u>	<u>697,966</u>
Net (decrease) increase of interest and dividends over interest credited to funds and trusts and management fees	(182,826)	10,969
Gain (loss) on sale of marketable securities	103,753	(113,392)
Unrealized gain on marketable securities	<u>880,047</u>	<u>1,901,297</u>
	<u>800,974</u>	<u>1,798,874</u>
Balance, end of year	<u>\$ 4,404,470</u>	<u>\$ 3,603,496</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>2010</u>		<u>2009</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	\$ 4,295,238	\$ 13,208,650	\$ 4,234,028	\$ 13,767,182
Add:				
Interest credited	135,697	435,882	134,317	443,814
Interest contributed	3,527	-	5,465	-
Bonus interest credited to capital	41,753	131,654	-	-
Capital receipts	<u>38,207</u>	<u>1,142,826</u>	<u>44,332</u>	<u>1,155,352</u>
	<u>4,514,422</u>	<u>14,919,012</u>	<u>4,418,142</u>	<u>15,366,348</u>
Less:				
Earnings distributions	165,371	435,941	120,648	442,498
Capital distributions	<u>25,396</u>	<u>1,125,672</u>	<u>2,256</u>	<u>1,715,200</u>
	<u>190,767</u>	<u>1,561,613</u>	<u>122,904</u>	<u>2,157,698</u>
Balance, end of year	<u>\$ 4,323,655</u>	<u>\$ 13,357,399</u>	<u>\$ 4,295,238</u>	<u>\$ 13,208,650</u>

See accompanying notes to the financial statements.

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

	2010	2009
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of Operating Fund revenue over expenditure	\$ 1,288,196	\$ 1,427,328
Non-cash item adjustments		
Depreciation	45,145	39,350
Unrealized gain	(880,047)	(1,901,297)
Changes in non-cash operating working capital		
Receivables	208,711	(189,992)
Payables and accruals	<u>60,262</u>	<u>17,936</u>
	<u>722,267</u>	<u>(606,675)</u>
Investing		
Net increase in interfund receivable	(101,949)	89,253
Net (decrease) increase Savings Plan	(34,841)	27,329
Decrease (increase) in investments (net)	(18,861)	318,971
Purchase of PPE	(674,604)	(7,180)
Contributions received	466,100	-
Payment of term loan	(3,385)	(3,219)
Decrease in interfund loan	<u>101,949</u>	<u>(89,253)</u>
	<u>(265,591)</u>	<u>335,901</u>
Net increase (decrease) in cash and cash equivalents	456,676	(270,774)
Cash and cash equivalents, beginning of year	<u>494,247</u>	<u>765,021</u>
Cash and cash equivalents, end of year	<u>\$ 950,923</u>	<u>\$ 494,247</u>

See accompanying notes to the financial statements.

The Diocesan Synod of Fredericton
Notes to the Financial Statements
(Unaudited)
December 31, 2010

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>2010</u>	<u>2009</u>
Other (Schedule 2)	<u>\$ 378,225</u>	<u>\$ 242,510</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, 2010

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% (2009 - 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 2010 a bonus of 1.0% of the balance of capital was credited (2009 - nil).

(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, 2010

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 11.

(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 CICA has issued Part III of the CICA Handbook: Accounting Standards for Not-For-Profit Organizations which is effective for annual financial statements relating to fiscal years beginning on or after January 1, 2012 with earlier application permitted. The Diocese is in the process of reviewing these new standards to determine what impact they will have on future reporting periods.

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	2010	<u>2009</u>
Assessments owed	\$ 30,109	\$ 30,109	\$ 54,579
Pension assessment arrears	(114)	(114)	(464)
Late payments from parishes	307,735	307,735	496,632
Allowance for unpaid amounts	<u>(30,103)</u>	<u>(30,103)</u>	<u>(15,530)</u>
	<u>\$ 307,627</u>	<u>\$ 307,627</u>	<u>\$ 535,217</u>

5. Other receivables

	Operating Fund	Capital Fund	2010	<u>2009</u>
Accrued interest receivable on investments	\$ 69,789	\$ -	\$ 69,789	\$ 86,062
Clergy loans (Note 8)	26,230	-	26,230	32,394
Harmonized sales tax receivable	51,280	-	51,280	10,297
Other receivables	40,469	25,129	65,598	68,265
Allowance for unpaid amounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>
	<u>\$ 187,768</u>	<u>\$ 25,129</u>	<u>\$ 212,897</u>	<u>\$ 194,018</u>

The Diocesan Synod of Fredericton
Notes to the Financial Statements
(Unaudited)
December 31, 2010

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>2010 Net Book Value</u>	<u>2009 Net Book Value</u>
Land	\$ 163,065	\$ -	\$ 163,065	\$ 163,065
Buildings	2,561,069	683,260	1,877,809	1,247,772
Furniture and equipment	<u>104,274</u>	<u>104,274</u>	<u>-</u>	<u>578</u>
	<u>\$ 2,828,408</u>	<u>\$ 787,528</u>	<u>\$ 2,040,874</u>	<u>\$ 1,411,415</u>

10. Contingencies

The Diocese has guaranteed loans to parishes from the Anglican Foundation totalling \$392,899 at December 31, 2010.

The Diocese has guaranteed inter parish loans totalling \$589,824 at December 31, 2010. 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 \$56,210 (2009 - \$43,272). The current year pension plan remittance for all Diocese staff and parish personnel including clergy was \$597,213 (2009-\$591,869). The current year expense for the retired clergy benefits plan under the administration of the national office was \$66,775 (2009 - \$57,049).

The Diocesan Synod of Fredericton
Notes to the Financial Statements
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12. Budget

The 2010 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>2010</u>	<u>2009</u>
Financial position		
Total assets	\$ <u>32,211</u>	\$ <u>19,493</u>
Total liabilities	\$ <u>34,348</u>	\$ <u>15,102</u>
Total net assets	\$ <u>(2,137)</u>	\$ <u>4,391</u>
Results of operations		
Total revenue	\$ <u>195,609</u>	\$ <u>163,857</u>
Total expenditures	<u>202,137</u>	<u>189,213</u>
Excess of revenue over expenditures (expenditures over revenue)	<u>\$ (6,528)</u>	<u>\$ (25,356)</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>2010</u>	<u>2009</u>
Anglican Foundation of Canada term loan repayable in monthly installments of \$660 bearing interest at 5% maturing June 7, 2027.	<u>\$ 88,858</u>	<u>\$ 92,243</u>

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

2011	\$ 3,557
2012	\$ 3,739
2013	\$ 3,930
2014	\$ 4,132
2015	\$ 4,343

15. Deferred contributions

During the year the Diocese received contributions in the amount of \$472,000 for construction related to Camp Medley. This amount will be amortized to income on the same basis the related asset is depreciated. The changes in the deferred contributions balance for the period are as follows:

The Diocesan Synod of Fredericton
Notes to the Financial Statements
(Unaudited)
December 31, 2010

15. Deferred contributions (Continued)

	<u>2010</u>
Balance, beginning of year	\$ -
Add: deferred contribution additions	472,000
Less: amounts amortized to revenue	<u>(5,900)</u>
Balance, end of year	<u>\$ 466,100</u>

16. 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 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>2010</u>	<u>2009</u>
Cash	\$ 626,800	\$ 11,495
Fixed income	9,728,842	9,494,524
Equities - Canadian	6,348,707	5,979,236
- Foreign	6,069,062	5,676,123
Money Market Funds	<u>-</u>	<u>713,125</u>
	<u>\$ 22,773,411</u>	<u>\$ 21,874,503</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, 2010 are as follows:

	Market Value	Interest Range
One year or less	\$ -	-
One year to five years	\$ 3,613,709	3.35 - 6.65%
More than five years	<u>\$ 6,115,133</u>	4.30 - 8.00%
	<u>\$ 9,728,842</u>	

The Diocesan Synod of Fredericton
Statement of Operations and Changes in Fund Balances
(Unaudited)
December 31,

16. Financial instruments (Continued)

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.

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, 2010.

18. Operating Fund Balance

	<u>2010</u>		<u>2009</u>	
	<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	\$ 379,394	\$ 3,603,496	\$ 295,528	\$ 1,804,622
Excess of revenue over expenditure	780,008	-	1,782,313	-
Investment Retained Reserve adjustments				
Investment income	49,474	(49,474)	75,583	(75,583)
Unrealized (loss)/gain	(880,047)	880,047	(1,901,297)	1,901,297
Administration expense	29,599	(29,599)	26,840	(26,840)
	<u>(20,966)</u>	<u>800,974</u>	<u>(16,561)</u>	<u>1,798,874</u>
Interfund transfers	<u>82,775</u>	<u>-</u>	<u>100,427</u>	<u>-</u>
Ending balance	<u>\$ 441,203</u>	<u>\$ 4,404,470</u>	<u>\$ 379,394</u>	<u>\$ 3,603,496</u>

Additional information

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, 2010, 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
June 9, 2011

Chartered Accountants

The Diocesan Synod of Fredericton
Designated Funds
(Unaudited)
December 31, 2010

Schedule 1

	Balance Jan. 1, <u>2010</u>	<u>Income</u>	<u>Expenditures</u>	<u>Transfers</u>	Balance Dec. 31, <u>2010</u>
Diocesan Missions	\$ 587,199	\$ 24,956	\$ -	\$ (19,084)	\$ 593,071
Divinity Scholarships	299,857	15,407	(7,403)	3,611	311,472
Episcopal Endowment	248,430	10,558	-	(8,074)	250,914
Widows and Orphans Discretionary	266,641	11,103	(2,000)	(7,000)	268,744
Pension Supplement	84,592	40,104	(37,970)	4,435	91,161
Education of Children of Clergy	42,777	1,760	(1,250)	-	43,287
Clergy Benevolent Fund	11,939	486	(500)	1,418	13,343
Diocesan Development Fund	35,637	3,472	(2,000)	-	37,109
Diocesan Missionary Society	<u>11,285</u>	<u>15,385</u>	<u>-</u>	<u>(24,806)</u>	<u>1,864</u>
	<u>\$ 1,588,357</u>	<u>\$ 123,231</u>	<u>\$ (51,123)</u>	<u>\$ (49,500)</u>	<u>\$ 1,610,965</u>

The balances at December 31, 2010 include undistributed income as follows:

Divinity Education	\$ 79,658
Pension Supplement	\$ 42,687
Education Clergy Children	\$ 1,453
Windows Orphans	\$ 4,903

The Diocesan Synod of Fredericton
Provisions for Special Purposes – Other
(Unaudited)
Year Ended December 31, 2010

Schedule 2

	Balance	Transfer			Balance
	Jan. 1,	(To)/From	Contri-	Disburse-	Dec. 31,
	2010	Operating	butions	ments	2010
		Fund			
Continuing Education of Clergy Fund	\$ 2,943	\$ -	\$ 32,381	\$ 30,651	\$ 4,673
Travel Pool Funds	39,559	-	-	4,038	35,521
Synod Session Reserve	4,868	17,000	-	-	21,868
Lambeth Fund	11,190	5,000	-	-	16,190
Office Equipment Fund	19,147	2,500	-	-	21,647
Reserve for General Synod	8,500	3,242	-	9,242	2,500
Reserve for Grant Payment	50,000	3,000	-	-	53,000
Reserve for Premises					
Repairs and maintenance	15,677	11,400	-	-	27,077
Trinity Restoration Fund	2,840	-	280	173	2,947
Reserve for Archives	3,157	2,400	81	105	5,533
Dorchester Ministry	6,107	-	69,288	69,819	5,575
Insurance Funding Program	27,082	-	388,503	339,804	75,781
Special appeals					
Clergy College	1,363	3,000	7,184	11,601	(54)
Bishops' Dinner/Youth Ministry	2,565	-	-	-	2,565
Bishops' Fund	725	4,500	1,150	4,318	2,057
Primates World Relief	-	-	69,504	69,504	-
Mission projects funded by parishes and others	32,794	-	44,670	10,497	66,967
Episcopal Discretionary Fund	11,966	-	1,000	1,750	11,216
Bishop's AIDS walk	2,027	-	-	-	2,027
Charlotte County Flood	-	-	784	-	784
Foundation for Life	-	-	20,351	-	20,351
	<u>\$ 242,510</u>	<u>\$ 52,042</u>	<u>\$ 635,175</u>	<u>\$ 551,502</u>	<u>\$ 378,225</u>

The Diocesan Synod of Fredericton
Diocesan Trust Funds Capital and Undistributed Earnings
(Unaudited)
Year Ended December 31, 2010

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	\$ 22	\$ 2,259	\$ -	\$ 73	\$ 73	\$ -	\$ -	\$ 2,259
Alnwick Glebe	1,025	10	1,035	-	33	33	-	-	1,035
Anderson, John M.	3,543	35	3,578	-	115	115	-	-	3,578
Armstrong, Louisa	6,935	69	7,004	537	225	-	-	762	7,766
Armstrong, John R.	5,495	55	5,550	-	179	179	-	-	5,550
Archbishop Richardson Memorial	1,162	12	1,174	336	38	-	-	374	1,548
Bennett, Helen A	7,333	73	7,406	-	238	238	-	-	7,406
Bishop Kingdom Memorial	4,513	45	4,558	-	147	147	-	-	4,558
Bishop Medley Divinity Scholarship	23,266	233	23,499	-	756	756	-	-	23,499
Bishop Medley Memorial Canonry	361,039	3,610	364,649	605	11,734	11,500	-	839	365,488
Bishop Nutter Scholarship	53,559	561	54,120	15,076	1,741	-	-	16,817	70,937
Belyea, James W.	3,582	36	3,618	-	116	116	-	-	3,618
Board of Religious Education, Forsythe	2,655	27	2,682	-	86	86	-	-	2,682
Brock, John D., Memorial Prize	510	5	515	17	17	-	-	34	549
Brown, Julia	8,042	80	8,122	-	261	261	-	-	8,122
Camp Medley Fund	4,494	45	4,539	330	146	-	-	476	5,015
Campers Fund	894	359	1,253	56	29	-	-	85	1,338
Church Home Bequest	72,316	8,678	80,994	5,604	2,350	-	7,954	-	80,994
Clark, Delphine	3,230	32	3,262	-	105	105	-	-	3,262
Clements, Edith Rose	46,309	463	46,772	15,441	1,505	-	-	16,946	63,718
Clements, Wm. and Mary Jane	28,591	286	28,877	9,534	929	-	-	10,463	39,340
Crowell, Dr. Ivan	21,096	3,211	24,307	3,393	1,213	350	3,000	1,256	25,563
Cody, Mrs. C. F.	2,655	27	2,682	-	86	86	-	-	2,682
Coupe, Sara E., Memorial	28,140	281	28,421	-	915	915	-	-	28,421
Cursillo Investment fund	2,828	28	2,856	324	92	-	-	416	3,272
Dean, Mabel	27,359	799	28,158	1,373	890	1,000	500	763	28,921
Doering, Mrs. Aileen, Memorial	83,858	839	84,697	-	2,725	2,725	-	-	84,697
Douglas, Helen – Divinity	39,476	395	39,871	-	1,283	1,283	-	-	39,871
Diocesan Mission, Archdeacon Forsythe	2,655	27	2,682	86	86	-	-	172	2,854
Drillen MML Scholarship	1,512	15	1,527	108	49	-	-	157	1,684
Endowment Fund (08)	50	26	76	4	2	-	-	6	82
Franchetti, Canon N.	100,930	1,009	101,939	-	3,280	3,280	-	-	101,939
Fredericton Lay Readers	14,059	141	14,200	-	457	457	-	-	14,200
Hall Memorial Music Fund	7,780	300	8,080	76	260	300	-	36	8,116
Harrison, W. H.	2,362	24	2,386	77	77	-	-	154	2,540
Harrison, Leslie L.	12,121	121	12,242	-	394	394	-	-	12,242
Hazen, Miss D. B.	31,305	313	31,618	-	1,017	1,017	-	-	31,618
Hazen, Margaret M.	1,584	16	1,600	-	51	51	-	-	1,600
Hill, Ernest Lawrence	214,229	2,142	216,371	-	6,962	6,962	-	-	216,371
Hughson, G. M.	26,547	265	26,812	-	863	863	-	-	26,812
Jacobs, Mary	596	6	602	36	19	-	-	55	657
Jarvis, Florence A.	2,427	24	2,451	-	79	79	-	-	2,451
Jubilee Sabbatical	51,821	2,518	54,339	8,717	4,684	1,000	-	12,401	66,740
Ketchum, Dorothy	1,978	20	1,998	-	64	64	-	-	1,998
Carried Forward	1,318,098	27,283	1,345,381	61,730	46,371	34,435	11,454	62,212	1,407,593

The Diocesan Synod of Fredericton
Diocesan Trust Funds Capital and Undistributed Earnings
(Unaudited)
Year Ended December 31, 2010

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	1,318,098	27,283	1,345,381	61,730	46,371	34,435	11,454	62,212	1,407,593
Ketchum, Peter	3,212	32	3,244	-	104	104	-	-	3,244
Laskey Medical Emergency	5,989	255	6,244	-	195	-	195	-	6,244
MacDonald, Ernest H.	23,907	239	24,146	-	777	777	-	-	24,146
McEwen, William	1,461	15	1,476	-	47	47	-	-	1,476
McLeod, Margaret V., Memorial	3,982	40	4,022	-	129	129	-	-	4,022
McSweeney, E. M.	774	8	782	-	25	25	-	-	782
Mooers, C. LeRoi	57,692	577	58,269	-	1,875	1,875	-	-	58,269
Murphy, William	17,942	179	18,121	-	583	583	-	-	18,121
Murray Choir School	2,478	126	2,604	80	84	80	-	84	2,688
Nichols Trust	318,570	3,186	321,756	-	10,354	10,354	-	-	321,756
Odell Trust	382,278	3,823	386,101	-	12,424	12,424	-	-	386,101
Palmer, Lena and Roy	50,147	501	50,648	-	1,630	1,630	-	-	50,648
Pendlebury, Mina	75,149	751	75,900	-	2,442	2,442	-	-	75,900
Pepperdene Companion Spiritual Growth	16,994	170	17,164	52	552	1,716	-	(1,112)	16,052
Pickett-Scovil Memorial	382,590	4,553	387,143	9,174	12,458	10,860	-	10,772	397,915
Raymond, Robert M.	105,602	1,056	106,658	-	3,432	3,432	-	-	106,658
Robertson, James F	34,629	346	34,975	17,407	1,125	-	-	18,532	53,507
Robertson, Muriel	43,275	433	43,708	-	1,406	1,406	-	-	43,708
Russell Cursillo	3,730	256	3,986	317	128	-	-	445	4,431
Saumeres Glebe Trust	1,327	13	1,340	-	43	43	-	-	1,340
School of Church Music	15,662	1,167	16,829	509	542	509	-	542	17,371
Secord, Rev. J. A.	9,957	100	10,057	-	324	324	-	-	10,057
Sheppard Trust	19,834	(3,319)	16,515	677	531	1,177	-	31	16,546
Smith, Lucretia	2,655	27	2,682	-	86	86	-	-	2,682
St. Paul's Valley	1,052,322	-	1,052,322	15,217	34,200	49,417	-	-	1,052,322
Teed, Hugh and Lionel, Memorial	26,547	265	26,812	-	863	863	-	-	26,812
Thorpe Trinity Church	1,259	13	1,272	586	41	-	-	627	1,899
Todd, Charles F., Memorial Scholarship	29,338	291	29,629	-	945	945	-	-	29,629
Walker, Dr. T. Dyson	1,327	13	1,340	-	43	43	-	-	1,340
Young, Mrs. Muriel V.	996	10	1,006	1,180	32	-	-	1,212	2,218
Episcopal Endowment Trust	1,221	12	1,233	-	40	40	-	-	1,233
Bishop's Discretionary									
Tay Creek	62,618	(9,032)	53,586	2,918	1,975	2,039	1,500	1,354	54,940
Todd Benevolent Trust	69,171	20,888	90,059	11,186	2,479	3,479	10,000	186	90,245
St. Pauls Oak Point Trust	12,192	122	12,314	2,709	396	-	-	3,105	15,419
Minchin Gordon	10,570	105	10,675	1	344	684	-	(339)	10,336
Dewolfe Fund	5,956	60	6,016	46	194	251	-	(11)	6,005
	<u>\$ 4,171,451</u>	<u>\$ 54,564</u>	<u>\$ 4,226,015</u>	<u>\$ 123,789</u>	<u>\$ 139,219</u>	<u>\$ 142,219</u>	<u>\$ 23,149</u>	<u>\$ 97,640</u>	<u>\$ 4,323,655</u>