



# Financial Statements

(Unaudited)

The Diocesan Synod of Fredericton

December 31, 2008

# Contents

	Page
Review Engagement Report	1
Statement of Financial Position	2
Statement of Operations and Changes in Fund Balances	3
Statement of Operating Fund Program and Ministry Expenditure	4
Statement of Operating Fund Clergy Related, Administrative and Episcopal Expenditure	5
Statement of Investment Retained Reserve	6
Statement of Diocesan and Parochial Trusts	7
Statement of Operating Fund Cash Flows	8
Notes to the Financial Statements	9 - 16
Additional Information Report	
Designated Funds	Schedule 1
Provisions for Special Purposes – Other	Schedule 2
Diocesan Trust Funds Capital and Undistributed Earnings	Schedule 3, 3A



## Review engagement report

Grant Thornton LLP  
4th Floor  
570 Queen Street, PO Box 1054  
Fredericton, NB  
E3B 5C2  
T (506) 458-8200  
F (506) 453-7029  
www.GrantThornton.ca

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, 2008 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  
April 17, 2009

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 2008	Total 2007
Cash and cash equivalents	\$ 765,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 765,021	\$ 578,330
Investments	441,708	-	275,839	1,573,420	4,234,028	13,767,182	20,292,177	23,007,481
Parish receivables (Note 4)	409,005	-	-	-	-	-	409,005	351,218
Other receivables (Note 5)	130,238	-	-	-	-	-	130,238	180,630
	1,745,972	-	275,839	1,573,420	4,234,028	13,767,182	21,596,441	24,117,659
Parish loan (Note 8)	350,000	-	-	-	-	-	350,000	-
Interfund receivable (Note 6)	234,550	-	-	-	-	-	234,550	443,242
Capital assets (Note 9)	-	1,443,585	-	-	-	-	1,443,585	1,434,638
	<u>\$ 2,330,522</u>	<u>\$ 1,443,585</u>	<u>\$ 275,839</u>	<u>\$ 1,573,420</u>	<u>\$ 4,234,028</u>	<u>\$ 13,767,182</u>	<u>\$ 23,624,576</u>	<u>\$ 25,995,539</u>
Payables and accruals	\$ 146,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,764	\$ 204,373
Term loan (Note 14)	-	95,462	-	-	-	-	95,462	98,525
Interfund loan (Note 7)	-	234,550	-	-	-	-	234,550	443,242
Employee savings plan	83,608	-	-	-	-	-	83,608	77,589
	230,372	330,012	-	-	-	-	560,384	823,729
Fund balances – unrestricted (Note 18)	295,528	-	-	-	-	-	295,528	186,214
Invested in capital assets	-	1,113,573	-	-	-	-	1,113,573	892,871
Fund balance – externally restricted	-	-	-	-	4,234,028	13,767,182	18,001,210	17,772,905
Fund balance – internally restricted (Page 6)	1,804,622	-	275,839	1,573,420	-	-	3,653,881	6,319,820
	<u>2,100,150</u>	<u>1,113,573</u>	<u>275,839</u>	<u>1,573,420</u>	<u>4,234,028</u>	<u>13,767,182</u>	<u>23,064,192</u>	<u>25,171,810</u>
	<u>\$ 2,330,522</u>	<u>\$ 1,443,585</u>	<u>\$ 275,839</u>	<u>\$ 1,573,420</u>	<u>\$ 4,234,028</u>	<u>\$ 13,767,182</u>	<u>\$ 23,624,576</u>	<u>\$ 25,995,539</u>

Contingencies (Note 10)

ON BEHALF OF THE BOARD

Chair

Secretary-Treasurer

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 2008	Total 2007
<b>Revenue</b>								
Parish mission outreach	\$ 686,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 686,363	\$ 685,013
Parish assessments	745,224	-	-	-	-	-	745,224	739,608
Investments income – net	(120,855)	-	-	65,884	183,371	614,549	742,949	1,451,719
Other sources	391,919	75,567	476,338	68,284	183,799	713,128	1,909,035	2,798,376
Residential school settlement rebate	<u>299,686</u>	-	-	-	-	-	<u>299,686</u>	-
	<u>2,002,337</u>	<u>75,567</u>	<u>476,338</u>	<u>134,168</u>	<u>367,170</u>	<u>1,327,677</u>	<u>4,383,257</u>	<u>5,674,716</u>
<b>Expenditures</b>								
Administrative (Page 5)	528,739	-	-	-	-	-	528,739	573,931
Campaign coordinator fees and expenses	-	9,640	-	-	-	-	9,640	14,850
Clergy related (Page 5)	395,394	-	-	-	-	-	395,394	404,809
Depreciation	-	40,030	-	-	-	-	40,030	38,701
Episcopal (Page 5)	170,815	-	-	-	-	-	170,815	166,946
Interest expense	-	6,844	-	-	-	-	6,844	5,158
Other	9,071	-	-	10,800	-	-	19,871	5,184
Pension supplement program	-	-	-	41,557	-	-	41,557	40,960
Program, mission and ministry (Page 4)	695,422	-	-	-	-	-	695,422	701,597
Special purpose expenditures	-	-	541,970	-	-	-	541,970	638,340
Trust income disbursements	-	-	-	-	34,356	611,877	646,233	638,478
Trust withdrawals	-	-	-	-	69,922	619,259	689,181	875,109
Unrealized investment loss	<u>2,705,179</u>	-	-	-	-	-	<u>2,705,179</u>	<u>1,399,949</u>
	<u>4,504,620</u>	<u>56,514</u>	<u>541,970</u>	<u>52,357</u>	<u>104,278</u>	<u>1,231,136</u>	<u>6,490,875</u>	<u>5,504,012</u>
Excess of (expenditures over revenue) revenue over expenditures	(2,502,283)	19,053	(65,632)	81,811	262,892	96,541	(2,107,618)	170,704
Interfund transfers	<u>(45,238)</u>	<u>201,649</u>	<u>31,218</u>	<u>(56,501)</u>	<u>(131,128)</u>	-	-	-
Change in Fund Balance	(2,547,521)	220,702	(34,414)	25,310	131,764	96,541	(2,107,618)	170,704
Opening Fund Balance adjustment (Note 15)	-	-	-	-	-	-	-	4,591,303
Fund balance, beginning of year (Note 19)	<u>4,647,671</u>	<u>892,871</u>	<u>310,253</u>	<u>1,548,110</u>	<u>4,102,264</u>	<u>13,670,641</u>	<u>25,171,810</u>	<u>20,409,803</u>
Fund balance, end of year	<u>\$ 2,100,150</u>	<u>\$ 1,113,573</u>	<u>\$ 275,839</u>	<u>\$ 1,573,420</u>	<u>\$ 4,234,028</u>	<u>\$ 13,767,182</u>	<u>\$ 23,064,192</u>	<u>\$ 25,171,810</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,**

	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>
Youth Ministries			
University Chaplaincy	\$ 6,665	\$ 5,973	\$ 6,277
Inner City Ministry	17,000	19,297	14,901
Program staff	30,395	25,503	25,593
Support for Camps	35,800	17,910	20,000
Camp construction loan interest	-	-	-
Camp Medley Director	24,195	12,204	17,562
Youth Ministry Director	71,922	72,539	75,820
Youth Ministry Program	12,500	8,179	11,640
Lay Education and Development			
Lay Readers Program	1,000	685	395
Lay Ministry Development	-	-	900
Ongoing Program Support and Development	10,500	6,198	5,365
Clergy Development and Support			
Kings College Grant	4,000	4,000	4,000
Atlantic School of Theology Grant	10,000	7,000	10,000
Divinity Bursaries	15,000	8,000	12,000
Clergy College	-	-	-
Clergy development	6,100	183	269
Curacey Program	45,000	27,500	36,500
Divinity Student Placements	7,200	-	11,200
Divinity Institution Grants	2,000	2,950	2,900
Discernment	6,000	4,992	5,018
Post Ordination Training	500	-	-
Deacons Outfit Grants	30,000	25,770	6,000
Vocational Diaconate	5,000	753	-
Resources and communications			
Committee Support	15,000	14,953	1,116
Resource Centre	4,000	2,358	4,216
Church of England Institute Grant	15,000	15,000	15,000
Stewardship Committee	10,000	2,272	2,711
New Brunswick Anglican	34,000	26,213	26,437
Communication officer	37,200	36,824	32,939
General Mission and Ministry Support			
Grants to Mission Parishes	15,000	-	-
Diocesan Mission Outreach	230,000	230,000	230,000
Ongoing Program Support and Development	3,100	1,961	4,827
Companion Diocese Program	5,000	1,000	-
Coverdale Foundation Grant	5,000	5,000	5,000
Cathedral Restoration Grant	10,000	10,000	10,000
Church Army Support	-	-	9,500
Hospital Chaplaincies	77,536	75,246	72,287
Missionary Project (Jeffries)	20,200	22,965	19,224
Seafarers Mission Grant	2,000	2,000	2,000
	<b><u>\$ 823,813</u></b>	<b><u>\$ 695,428</u></b>	<b><u>\$ 701,597</u></b>

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>2008</u> <u>Budget</u>	<u>2008</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>
<b>Clergy Related</b>			
Group RRSP contributions	\$ 20,000	\$ 19,064	\$ 19,553
Benefits Plan for Active Clergy	-	277,821	282,178
Employee Assistance Program	4,800	1,701	3,852
Retired Clergy Medical Plan	<u>86,000</u>	<u>96,808</u>	<u>99,226</u>
	<u>\$ 110,800</u>	<u>\$ 395,394</u>	<u>\$ 404,809</u>
<b>Administrative</b>			
Staff Salaries and Related Costs	\$ 196,811	\$ 194,248	\$ 187,020
Staff travel and car replacement	12,600	10,315	9,686
Travel and Meeting Costs	2,000	1,800	2,000
Archidiaconal expense	21,600	19,365	19,117
Office Premises Costs	20,400	19,294	21,310
Synod	20,000	-	2,165
Office Costs	33,000	21,330	31,791
Relocation of Clergy	40,000	23,839	40,537
Miscellaneous	5,000	4,269	16,289
Legal and professional fees	26,000	28,224	26,714
Payroll fees	6,500	8,496	4,828
Directors/Officers Insurance	18,000	16,653	17,409
General Synod Attendance Costs	3,000	-	1,004
National Assessment	84,210	84,212	84,210
Provincial Synod Assessment	11,143	12,071	11,143
Allowance for parish assessments in arrears	-	24,962	34,704
Diocesan Council cost	8,500	4,923	5,443
Council Admin Team	5,600	5,223	6,614
Council Episcopal Team	2,000	3,802	4,858
Campaign expenses	-	33,713	16,836
Employment Contingency Fund	15,000	-	18,253
Archives	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>
	<u>\$ 543,364</u>	<u>\$ 528,739</u>	<u>\$ 573,931</u>
<b>Episcopal</b>			
Episcopal Stipend and Benefits	\$ 75,554	\$ 73,044	\$ 72,950
Episcopal travel and miscellaneous	26,200	25,716	27,472
Bishop Secretarial Cost	46,660	47,490	45,289
Bishop's Court	23,300	24,565	20,185
Transfer to Bishop's Fund	15,500	-	-
Lambeth	6,000	-	-
Bishop's Residence Furnishings	<u>-</u>	<u>-</u>	<u>1,050</u>
	<u>\$ 193,214</u>	<u>\$ 170,815</u>	<u>\$ 166,946</u>

See accompanying notes to the financial statements.

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

	2008	2007
Balance, beginning of year	<u>\$ 4,461,457</u>	<u>\$ 1,024,275</u>
Add: Adjustment to opening balance	<u>-</u>	<u>4,591,303</u>
Add: Interest on bonds and debentures (includes accrued interest of \$89,381 (2007 - \$98,341)	<u>509,270</u>	558,703
Dividends	<u>292,691</u>	<u>301,699</u>
	<u>801,961</u>	<u>860,402</u>
Less: Interest credited to		
Parochial Trusts	614,549	866,965
Diocesan Trusts	183,371	219,701
Designated Funds	<u>65,884</u>	<u>93,071</u>
	<u>863,804</u>	1,179,737
Management and custodial fees	<u>70,613</u>	<u>77,628</u>
	<u>934,417</u>	<u>1,257,365</u>
Net deficiency of interest and dividends over interest credited to funds and trusts and management fees	<u>(132,456)</u>	(396,963)
Add: (Loss) gain on sale of marketable securities	<u>(14,867)</u>	642,791
Less: Unrealized loss on marketable securities	<u>(2,705,179)</u>	(1,399,949)
Residential schools refund	<u>195,667</u>	<u>-</u>
	<u>(2,656,835)</u>	<u>(1,154,121)</u>
Balance, end of year	<u>\$ 1,804,622</u>	<u>\$ 4,461,457</u>

See accompanying notes to the financial statements.

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

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	<u>2008</u>		<u>2007</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	\$ 4,102,264	\$ 13,670,641	\$ 3,015,977	\$ 13,611,662
Add:				
Interest credited	183,371	614,549	152,101	601,404
Interest contributed	3,420	-	877	-
Bonus interest credited to capital	-	-	67,600	265,561
Capital receipts	<u>180,379</u>	<u>713,128</u>	<u>1,025,875</u>	<u>656,680</u>
	<u>4,469,434</u>	<u>14,998,318</u>	<u>4,262,430</u>	<u>15,135,307</u>
Less:				
Earnings distributions	165,484	611,877	149,088	600,634
Capital distributions	<u>69,922</u>	<u>619,259</u>	<u>11,078</u>	<u>864,032</u>
	<u>235,406</u>	<u>1,231,136</u>	<u>160,166</u>	<u>1,464,666</u>
Balance, end of year	<u>\$ 4,234,028</u>	<u>\$ 13,767,182</u>	<u>\$ 4,102,264</u>	<u>\$ 13,670,641</u>

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See accompanying notes to the financial statements.

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

	2008	2007
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of Operating Fund revenue over expenditure	\$ (2,502,283)	\$ (1,224,653)
Non-cash item adjustments		
Unrealized loss	2,705,179	1,399,949
Changes in non-cash operating working capital		
Receivables	(7,395)	104,660
Payables and accruals	<u>(57,609)</u>	<u>143,668</u>
	<u>137,892</u>	<u>423,624</u>
<b>Investing</b>		
Net (increase) decrease in interfund receivable	208,692	(163,873)
Net increase Savings Plan	6,019	(16,855)
Net increase in parish loans	(350,000)	-
Decrease (increase) in investments (net)	<u>229,326</u>	<u>(490,664)</u>
	<u>94,037</u>	<u>(671,392)</u>
<b>Financing</b>		
Transfers	<u>(45,238)</u>	<u>(4,048)</u>
Net increase (decrease) in cash and cash equivalents	186,691	(251,816)
Cash and cash equivalents, beginning of year	<u>578,330</u>	<u>830,146</u>
Cash and cash equivalents, end of year	<u>\$ 765,021</u>	<u>\$ 578,330</u>

See accompanying notes to the financial statements.

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**The Diocesan Synod of Fredericton**  
**Notes to the Financial Statements**  
(Unaudited)  
December 31, 2008

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**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.

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**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>2008</u>	<u>2007</u>
Other (Schedule 2)	<u>\$ 307,153</u>	<u>\$ 310,253</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.

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**The Diocesan Synod of Fredericton**  
**Notes to the Financial Statements**  
(Unaudited)  
December 31, 2008

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**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 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 2008 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.

**(i) 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.

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**The Diocesan Synod of Fredericton**  
**Notes to the Financial Statements**  
(Unaudited)  
December 31, 2008

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**2. Summary of significant accounting policies (Continued)**

**(j) 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. Actual results could differ from these estimates.

**New accounting standards**

The following new accounting standards, from the CICA Handbook, will be effective for the Diocese beginning on January 1, 2009:

- Section 3862 – Financial Instruments – Disclosures
- Section 4400 – Financial Statement presentation by not-for-profit organizations
- Section 4460 – Related party transactions by not-for-profit organizations
- Section 4470 – Disclosure of allocated expenses by not-for-profit organizations

Management is in the process of reviewing these new standards to determine what impact if any, they will have on 2009 and future reporting periods.

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**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.

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<b>4. Parish receivables</b>	<u><b>2008</b></u>	<u><b>2007</b></u>
Assessments owed	\$ 45,569	\$ 78,920
Pension assessment arrears	(357)	(484)
Late payments from parishes	394,909	314,351
Allowance for unpaid amounts	<u>(31,116)</u>	<u>(41,569)</u>
	<u><b>\$ 409,005</b></u>	<u><b>\$ 351,218</b></u>

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<b>5. Other receivables</b>	<u><b>2008</b></u>	<u><b>2007</b></u>
Accrued interest receivable on investments	\$ 78,038	\$ 89,381
Clergy loans (Note 8)	40,484	23,388
Harmonized sales tax receivable	9,932	54,982
Other receivables	<u>1,784</u>	<u>12,879</u>
	<u><b>\$ 130,238</b></u>	<u><b>\$ 180,630</b></u>

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**6. Amounts due from related fund**

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

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**7. Amounts due to related fund**

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

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**The Diocesan Synod of Fredericton**  
**Notes to the Financial Statements**  
**(Unaudited)**  
**December 31, 2008**

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**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.

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**9. Capital assets**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<b>2008 Net Book Value</b>	2007 Net Book Value
Land	\$ 163,065	\$ -	\$ 163,065	\$ 163,065
Buildings	1,879,284	602,559	1,276,725	1,263,700
Furniture and equipment	<u>104,274</u>	<u>100,479</u>	<u>3,795</u>	<u>7,871</u>
	<u>\$ 2,146,623</u>	<u>\$ 703,038</u>	<u>\$ 1,443,585</u>	<u>\$ 1,434,636</u>

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**10. Contingencies**

The Diocese has guaranteed loans to parishes from the Anglican Foundation totalling \$377,525 at December 31, 2008.

The Diocese has guaranteed the debt of a parish to the Royal Bank of Canada to a maximum of \$185,000. The Diocese has also guaranteed the debt of a parish to the Bank of Nova Scotia to a maximum of \$650,000.

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**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 \$53,775 (2007 - \$47,993). The current year pension plan remittance for all Diocese staff and parish personnel including clergy was \$586,738 (2007-\$579,797). The current year expense for the retired clergy benefits plan under the administration of the national office was \$56,872 (2007 - \$56,684).

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**12. Budget**

The 2008 budget figures, presented for comparison with the actual figures, were approved by the Diocesan Council and have not been subject to review engagement procedures.

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**The Diocesan Synod of Fredericton**  
**Notes to the Financial Statements**  
**(Unaudited)**  
**December 31, 2008**

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**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>2008</u>	<u>2007</u>
Financial position		
Total assets	\$ <u>18,259</u>	\$ <u>19,550</u>
Total liabilities	\$ <u>8,049</u>	\$ <u>11,674</u>
Total net assets	\$ <u>10,210</u>	\$ <u>7,876</u>
Results of operations		
Total revenue	\$ <u>197,240</u>	\$ <u>167,195</u>
Total expenditures	<u>195,983</u>	<u>181,781</u>
Excess of revenue over expenditures (expenditures over revenue)	<u>\$ 1,257</u>	<u>\$ (14,586)</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.

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**14. Term loan**

	<u>2008</u>	<u>2007</u>
Anglican Foundation of Canada term loan repayable in monthly installments of \$660 bearing interest at 5% maturing June 7, 2027.	\$ <u>95,462</u>	\$ <u>98,525</u>

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

2009	\$ 3,219
2010	\$ 3,384
2011	\$ 3,557
2012	\$ 3,739
2013	\$ 3,930

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**15. Financial instruments**

**Investments**

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.

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**The Diocesan Synod of Fredericton**  
**Notes to the Financial Statements**  
**(Unaudited)**  
**December 31, 2008**

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**15. Financial instruments (Continued)**

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, 2008 are as follows:

	<u>Market Value</u>	<u>Interest Range</u>
One year or less	\$ 324,550	2.87 – 3.47%
One year to five years	\$ 3,659,321	3.72 – 6.88%
More than five years	\$ 5,617,966	2.52 – 8.85%
	<u>\$ 9,601,837</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.

**Opening fund balance adjustment**

Financial Instruments accounting standards were adopted in the prior year financial statements. The fair value adjustment to opening fund balances in the prior year was \$4,591,303.

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**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, 2008 there is no balance drawn on this credit facility.

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**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.

**The Diocesan Synod of Fredericton**  
**Notes to the Financial Statements**  
(Unaudited)  
December 31, 2008

18. Operating Fund Balance	2008	
	Unrestricted	Internally Restricted Investment Retained Reserve (Page 6)
Beginning balance	\$ 186,214	\$ 4,461,457
Excess of expenditure over revenue	(2,502,283)	-
Investment Retained Reserve adjustments		
Investment income	120,855	(120,855)
Unrealized loss	2,705,179	(2,705,179)
Residential school – refund	(195,667)	195,667
Administration expense	26,468	(26,468)
	<u>154,552</u>	<u>(2,656,835)</u>
Interfund transfers	<u>(45,238)</u>	<u>-</u>
Ending balance	<u>\$ 295,528</u>	<u>\$ 1,804,622</u>

**19. Change in accounting policy**

During fiscal 2008 the Diocese adopted policies respecting accounting and depreciating capital assets. The Diocese also further revised its application of fund accounting and identified an enhanced separation of funds and interfund transfers. These adjustments have been made on a retrospective basis and 2007 figures have been restated to conform with this new presentation. Adjustments to December 31, 2007 opening balances are as follows:

	Unrestricted Operating Fund Equity	Capital Asset Fund Balance (Equity in properties)
Beginning balance December 31, 2007 year end as previously presented	\$ 98,319	\$ 1,326,750
Adjustment to reallocate asset impairment previously recorded	112,422	(112,422)
Reallocate previous years expenses of capital camp support	50,053	-
Record effect of depreciation and capitalization policies	<u>-</u>	<u>(496,604)</u>
Beginning balance December 31, 2007 year end restated	<u>260,794</u>	<u>717,724</u>

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**The Diocesan Synod of Fredericton**  
**Notes to the Financial Statements**  
(Unaudited)  
December 31, 2008

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**19. Change in accounting policy (Continued)**

Beginning balance, December 31, 2007, investment retained reserve as previously stated	1,024,275	-
Year ended December 31, 2007 excess of (expenditure over revenue) revenue over expenditure restated	(1,224,653)	87,619
Opening fund balance adjustment (adoption of financial instrument standards)	4,591,303	-
Year ended December 31, 2007 interfund transfers restated	<u>(4,048)</u>	<u>87,528</u>
Ending balance December 31, 2007 restated	<u>\$ 4,647,671</u>	<u>\$ 892,871</u>



Grant Thornton

## Additional information

Grant Thornton LLP  
4th Floor  
570 Queen Street, PO Box 1054  
Fredericton, NB  
E3B 5C2  
T (506) 458-8200  
F (506) 453-7029  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 2008, 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 17, 2009

Chartered Accountants

**The Diocesan Synod of Fredericton**  
**Designated Funds**  
(Unaudited)  
December 31, 2008

**Schedule 1**

	Balance Jan. 1, <u>2008</u>	<u>Income</u>	<u>Expenditures</u>	<u>Transfers</u>	<b>Balance Dec. 31, <u>2008</u></b>
Diocesan Missions	\$ 587,199	\$ 26,424	\$ -	\$ (26,424)	<b>\$ 587,199</b>
Divinity Scholarships	266,456	20,561	7,000	5,680	<b>285,697</b>
Episcopal Endowment	248,430	11,179	-	(11,179)	<b>248,430</b>
Widows and Orphans Discretionary	267,196	11,755	300	(8,000)	<b>270,651</b>
Pension Supplement	74,471	43,941	41,557	6,140	<b>82,995</b>
Education of Children of Clergy	44,247	1,864	3,000	-	<b>43,111</b>
Clergy Benevolent Fund	11,155	488	500	247	<b>11,390</b>
Diocesan Development Fund	31,115	1,400	-		<b>32,515</b>
Diocesan Missionary Society	<u>17,841</u>	<u>16,556</u>	<u>-</u>	<u>(22,965)</u>	<b><u>11,432</u></b>
	<b><u>\$ 1,548,110</u></b>	<b><u>\$ 134,168</u></b>	<b><u>\$ 52,357</u></b>	<b><u>\$ (56,501)</u></b>	<b><u>\$ 1,573,420</u></b>

The balances at December 31, 2008 include undistributed income as follows:

Divinity Scholarship	\$ 60,206
Widows and Orphans Discretionary	\$ 9,424
Pension Supplement	\$ 35,000
Education of Children of Clergy	\$ 1,690

**The Diocesan Synod of Fredericton**  
**Provisions for Special Purposes – Other**  
(Unaudited)  
Year Ended December 31, 2008

**Schedule 2**

	Balance	Transfer			Balance
	Jan. 1,	(To)/From	Contri-	Disburse-	Dec. 31,
	2008	Operating	butions	ments	2008
		Fund			
Continuing Education of Clergy Fund	\$ (1,749)	\$ 4,050	\$ 30,410	\$ 31,331	\$ 1,380
Travel Pool Funds	50,829	-	-	4,622	46,207
Synod Session Reserve	-	25,000	-	1,500	23,500
Lambeth Fund	22,981	-	-	16,666	6,315
Office Equipment Fund	14,213	7,000	-	-	21,213
Renewal Events Reserve	273	-	-	273	-
Reserve for General Synod	-	4,000	-	-	4,000
Reserve for Grant Payment	45,000	-	-	-	45,000
Reserve for Premises Repairs and maintenance	14,677	2,000	-	-	16,677
Residential Schools Fund	29,832	(29,832)	-	-	-
Trinity Restoration Fund	2,743	-	264	154	2,853
Reserve for Archives	3,919	-	320	1,001	3,238
Dorchester Ministry	3,779	-	73,137	70,810	6,106
Insurance Funding Program	73,033	-	299,986	323,641	49,378
Special appeals					
Clergy College	621	3,500	8,195	10,975	1,341
Bishops' Dinner/Youth Ministry	5,335	-	-	2,643	2,692
Bishops' Fund	1,798	15,500	536	16,207	1,627
Primates World Relief	-	-	54,621	54,621	-
Mission projects funded by parishes and others	30,003	-	6,593	4,250	32,346
Episcopal Discretionary Fund	12,966	-	-	1,000	11,966
Bishop's AIDS walk	-	-	2,276	2,276	-
	<u>\$ 310,253</u>	<u>\$ 31,218</u>	<u>\$ 476,338</u>	<u>\$ 541,970</u>	<u>\$ 275,839</u>

**The Diocesan Synod of Fredericton**  
**Diocesan Trust Funds Capital and Undistributed Earnings**  
**(Unaudited)**  
**Year Ended December 31, 2008**

**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	\$ -	\$ 101	\$ 101	\$ -	\$ -	\$ 2,237
Alnwick Glebe	1,025	-	1,025	-	46	46	-	-	1,025
Anderson, John M.	3,543	-	3,543	-	159	159	-	-	3,543
Armstrong, Louisa	6,935	-	6,935	-	312	-	-	312	7,247
Armstrong, John R.	5,495	-	5,495	-	247	247	-	-	5,495
Archbishop Richardson Memorial	1,162	-	1,162	245	52	-	-	297	1,459
Bennett, Helen A	7,333	-	7,333	-	330	330	-	-	7,333
Bishop Kingdom Memorial	4,513	-	4,513	-	203	203	-	-	4,513
Bishop Medley Divinity Scholarship	23,266	-	23,266	-	1,047	1,047	-	-	23,266
Bishop Medley Memorial Canonry	361,039	-	361,039	625	16,247	16,000	-	872	361,911
Bishop Nutter Scholarship	53,509	25	53,534	10,927	2,409	-	-	13,336	66,870
Belyea, James W.	3,582	-	3,582	-	161	161	-	-	3,582
Board of Religious Education, Forsythe	2,655	-	2,655	344	119	464	-	(1)	2,654
Brock, John D., Memorial Prize	511	-	511	67	23	89	-	1	512
Brown, Julia	8,043	-	8,043	-	362	362	-	-	8,043
Camp Medley Fund	4,494	-	4,494	251	202	270	-	183	4,677
Campers Fund	404	-	404	9	18	-	-	27	431
Church Home Bequest	72,316	-	72,316	-	3,254	-	-	3,254	75,570
Clark, Delphine	3,230	-	3,230	-	145	145	-	-	3,230
Clements, Edith Rose	46,309	-	46,309	11,853	2,084	-	-	13,937	60,246
Clements, Wm. and Mary Jane	28,592	-	28,592	7,317	1,287	-	-	8,604	37,196
Crowell, Dr. Ivan	21,097	-	21,097	1,773	1,369	550	-	2,592	23,689
Cody, Mrs. C. F.	2,655	-	2,655	-	119	119	-	-	2,655
Coupe, Sara E., Memorial	28,140	-	28,140	-	1,266	1,266	-	-	28,140
Cursillo Investment fund	2,828	-	2,828	104	127	-	-	231	3,059
Dean, Mabel	27,308	25	27,333	1,254	1,230	1,000	-	1,484	28,817
Doering, Mrs. Aileen, Memorial	83,857	-	83,857	-	3,774	3,774	-	-	83,857
Douglas, Helen – Divinity	39,476	-	39,476	-	1,776	1,776	-	-	39,476
Diocesan Mission, Archdeacon Forsythe	2,655	-	2,655	-	119	119	-	-	2,655
Drillen MML Scholarship	412	600	1,012	28	34	-	-	62	1,074
Endowment Fund (08)	-	50	50	-	2	-	-	2	52
Franchetti, Canon N.	100,930	-	100,930	-	4,542	4,542	-	-	100,930
Fredericton Lay Readers	14,060	-	14,060	-	633	633	-	-	14,060
Hall Memorial Music Fund	6,280	1,000	7,280	-	283	-	-	283	7,563
Harrison, W. H.	2,362	-	2,362	306	106	413	-	(1)	2,361
Harrison, Leslie L.	12,121	-	12,121	-	545	545	-	-	12,121
Hazen, Miss D. B.	31,305	-	31,305	-	1,409	1,409	-	-	31,305
Hazen, Margaret M.	1,584	-	1,584	-	71	71	-	-	1,584
Hill, Ernest Lawrence	214,229	-	214,229	-	9,640	9,640	-	-	214,229
Hughson, G. M.	26,548	-	26,548	-	1,195	1,195	-	-	26,548
Jacobs, Mary	96	-	96	12	4	-	-	16	112
Jarvis, Florence A.	2,427	-	2,427	-	109	109	-	-	2,427
Jubilee Sabbatical	47,755	2,000	49,755	2,946	5,152	2,500	-	5,598	55,353
Ketchum, Dorothy	1,979	-	1,979	-	89	89	-	-	1,979
Carried Forward	1,310,297	3,700	1,313,997	38,061	62,402	49,374	-	51,089	1,365,086

**The Diocesan Synod of Fredericton**  
**Diocesan Trust Funds Capital and Undistributed Earnings**  
(Unaudited)  
Year Ended December 31, 2008

**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	1,310,297	3,700	1,313,997	38,061	62,402	49,374	-	51,089	1,365,086
Ketchum, Peter	3,212	-	3,212	-	145	145	-	-	3,212
Laskey Medical Emergency	4,614	1,185	5,799	978	208	-	1,185	1	5,800
MacDonald, Ernest H.	23,907	-	23,907	-	1,076	1,076	-	-	23,907
McEwen, William	1,461	-	1,461	-	66	66	-	-	1,461
McLeod, Margaret V., Memorial	3,982	-	3,982	-	179	179	-	-	3,982
McSweeney, E. M.	773	-	773	-	35	35	-	-	773
Mooers, C. LeRoi	57,692	-	57,692	-	2,596	2,596	-	-	57,692
Murphy, William	17,942	-	17,942	-	807	807	-	-	17,942
Murray Choir School	3,453	(1,000)	2,453	152	110	152	-	110	2,563
Nichols Trust	318,570	-	318,570	-	14,336	14,336	-	-	318,570
Odell Trust	382,278	-	382,278	-	17,203	17,203	-	-	382,278
Palmer, Lena and Roy	50,146	-	50,146	-	2,257	2,257	-	-	50,146
Pendlebury, Mina	75,150	-	75,150	-	3,382	3,382	-	-	75,150
Pepperdene Companion Spiritual Growth	18,541	(1,547)	16,994	26	834	1,060	-	(200)	16,794
Pickett-Scovill Memorial	302,621	45,159	347,780	13,213	14,593	18,485	-	9,321	357,101
Raymond, Robert M.	105,602	-	105,602	-	4,752	4,752	-	-	105,602
Robertson, James F	34,629	-	34,629	14,723	1,558	-	-	16,281	50,910
Robertson, Muriel	43,276	-	43,276	-	1,947	1,947	-	-	43,276
Russell Cursillo	3,730	-	3,730	27	168	-	-	195	3,925
Saumeres Glebe Trust	1,327	-	1,327	-	60	60	-	-	1,327
School of Church Music	16,729	(1,000)	15,729	735	705	735	-	705	16,434
Secord, Rev. J. A.	9,956	-	9,956	-	448	448	-	-	9,956
Sheppard Trust	25,286	(3,447)	21,839	(54)	1,003	949	-	-	21,839
Smith, Lucretia	2,655	-	2,655	-	119	119	-	-	2,655
St. Paul's Valley	1,006,618	45,704	1,052,322	-	46,669	35,002	-	11,667	1,063,989
Teed, Hugh and Lionel, Memorial	26,547	-	26,547	-	1,195	1,195	-	-	26,547
Thorpe Trinity Church	1,259	-	1,259	488	57	-	-	545	1,804
Todd, Charles F., Memorial Scholarship	29,338	-	29,338	-	1,320	1,320	-	-	29,338
Walker, Dr. T. Dyson	1,328	-	1,328	-	60	60	-	-	1,328
Young, Mrs. Muriel V.	996	-	996	1,103	45	-	-	1,148	2,144
Episcopal Endowment Trust	1,221	-	1,221	-	55	55	-	-	1,221
Bishop's Discretionary									
Tay Creek	57,117	4,000	61,117	5,490	2,570	1,628	4,000	2,432	63,549
Todd Benevolent Trust	57,552	8,100	65,652	6,311	2,681	-	-	8,992	74,644
St. Pauls Oak Point Trust	2,587	9,603	12,190	1,908	405	-	-	2,313	14,503
Minchin Gordon	10,570	-	10,570	-	476	476	-	-	10,570
Dewolfe Fund	5,950	-	5,950	185	268	393	-	60	6,010
	<u>\$ 4,018,912</u>	<u>\$ 110,457</u>	<u>\$ 4,129,369</u>	<u>\$ 83,346</u>	<u>\$ 186,790</u>	<u>\$ 160,292</u>	<u>\$ 5,185</u>	<u>\$ 104,659</u>	<u>\$ 4,234,028</u>