
Consolidated financial statements of
The Incorporated Synod of
the Diocese of Ottawa

December 31, 2017

Independent Auditor's Report	1-2
Consolidated statement of financial position	3
Consolidated statement of revenue and expenses and changes in fund balances	4
Consolidated statement of cash flows	5
Notes to the consolidated financial statements	6-22
Schedules	23-26

Independent Auditor's Report

To the Members of
The Incorporated Synod of the Diocese of Ottawa

We have audited the accompanying consolidated financial statements of The Incorporated Synod of the Diocese of Ottawa (the "Synod"), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of revenue and expenses and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

In common with many charitable organizations, the Synod derives part of its revenue from the general public in the form of donations (inclusive of the parish fair share and special fundraising activities), the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our audit of revenue from these sources was limited to the amounts recorded in the Synod's records and we were not able to determine whether any adjustments might be necessary to the excess of revenue over expenses and cash flows from operations for the years ended December 31, 2017, and 2016, current assets as at December 31, 2017, and 2016, and fund balances as at January 1 and December 31 for both 2017 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2016, was modified accordingly, because of the possible effects of this scope limitation.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Synod as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

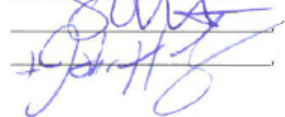
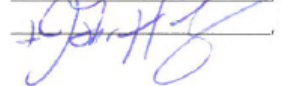
Chartered Professional Accountants
Licensed Public Accountants
June 12, 2018

The Incorporated Synod of the Diocese of Ottawa
Consolidated statement of financial position
As at December 31, 2017

Notes	Operations Fund	Parochial Pay and Insurance Funds	Parish Managed Capital Asset Fund	GIFT Fund	Real Estate Stewardship Fund	Today for Tomorrow Fund	Extension Fund	Cornerstone	Interfund Eliminations	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets											
Current assets											
	Cash			35,519	4,073	(2)	1,552,462	664,689	—	1,012,661	1,427,789
3	(1,244,080)	—	—	—	—	—	—	139,796	—	139,796	570,140
	Investments			—	—	—	—	—	—	—	756,231
4	—	—	—	—	—	—	—	—	(2,695,577)	571,037	—
	Loans receivable			—	—	—	757,448	—	—	—	1,306,863
5	1,588,185	920,981	—	—	—	—	—	—	—	—	—
	Accounts receivable			15,823	—	—	4,613	1,004,245	—	2,661,667	1,306,863
6	1,636,986	—	—	—	—	—	—	1,536	—	80,686	103,726
	Prepaid expenses			—	—	—	—	—	—	—	—
	79,150	—	—	—	—	—	—	—	—	—	—
	2,060,241	920,981	—	51,342	4,073	(2)	2,314,523	1,810,266	(2,695,577)	4,465,847	4,164,749
Long-term assets											
	Loan receivable			—	—	—	—	—	—	15,726	71,587
7	15,726	—	—	—	—	—	—	—	—	—	—
	Investment in Consolidated Trust Fund			—	300,017	—	—	—	—	13,820,658	11,335,967
8	13,520,641	—	—	—	—	—	—	—	—	—	—
	Investment in Cathedral Hill Foundation			—	—	—	—	—	—	481,640	426,005
9	481,640	—	—	—	—	—	—	—	—	—	—
	Mortgages and promissory notes			—	—	—	3,301,284	—	—	3,301,284	3,376,920
10	—	—	—	—	—	—	—	—	—	—	—
	Capital assets			—	—	—	—	11,816,981	—	33,563,094	31,434,830
11	1,392,918	—	20,353,195	—	—	—	—	—	—	—	—
	Non-Synod Consolidated Trust Fund assets			—	—	—	—	—	—	30,646,307	28,516,172
	30,646,307	—	—	—	—	—	—	—	—	—	—
	48,117,473	920,981	20,353,195	51,342	304,090	(2)	5,615,807	13,627,247	(2,695,577)	86,294,556	79,326,230
Liabilities											
Current liabilities											
	Accounts payable and accrued liabilities			51,342	—	—	6,000	33,358	—	1,149,693	930,709
12	1,058,993	—	—	—	—	—	—	—	—	—	—
	Loans payable			6,083	—	—	571,037	1,017,148	(2,695,577)	571,037	721,369
5	1,672,346	—	—	—	—	—	—	—	—	—	—
	Deferred revenue			—	—	—	—	—	—	878,768	1,189,044
	Community Ministries			—	—	—	—	—	—	—	36,716
	Other			—	—	—	—	—	—	62,624	50,230
	62,624	—	—	—	—	—	—	—	—	—	—
	Deferred contributions			—	—	—	7,500	463,709	—	471,209	2,928,068
13	—	—	—	—	—	—	—	—	—	—	—
	3,672,731	—	—	57,425	—	—	584,537	1,514,215	(2,695,577)	3,133,331	2,928,068
Long-term liabilities											
	Deferred contributions – Designated Funds			—	—	—	—	—	—	9,859,783	9,250,993
8	9,859,783	—	—	—	—	—	—	—	—	—	—
	Deferred capital contributions			—	—	—	—	8,204,288	—	27,890,747	27,809,589
14	886,161	—	18,800,298	—	—	—	—	—	—	—	—
	Non-Synod Consolidated Trust Fund liabilities			—	—	—	—	—	—	30,646,307	28,516,172
	30,646,307	—	—	—	—	—	—	—	—	—	—
	45,064,982	—	18,800,298	57,425	—	—	584,537	9,718,503	(2,695,577)	71,530,168	68,504,822
Commitments and contingencies											
22											
Fund balances											
	Invested in capital assets			—	—	—	—	3,612,693	—	5,672,347	3,625,241
	Internally restricted			(6,083)	304,090	(2)	4,977,792	294,427	6,085	7,879,225	6,302,260
	1,381,935	920,981	—	—	—	—	—	—	—	—	—
	Unrestricted			—	—	—	53,478	1,624	(6,085)	1,212,816	893,907
	1,163,799	—	—	—	—	—	—	—	—	—	—
	3,052,491	920,981	1,552,897	(6,083)	304,090	(2)	5,031,270	3,908,744	—	14,764,388	10,821,408
	48,117,473	920,981	20,353,195	51,342	304,090	(2)	5,615,807	13,627,247	(2,695,577)	86,294,556	79,326,230

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Approved by the Diocesan Council

 Member
 Member

The Incorporated Synod of the Diocese of Ottawa

Consolidated statement of revenue and expenses and changes in fund balance

Year ended December 31, 2017

Notes and schedules	Operations	Parochial Pay and Insurance	Parish Managed Capital Asset	GIFT	Real Estate Stewardship	Today for Tomorrow	Extension	Cornerstone	Interfund Eliminations	2017	Total 2016
	Fund	Funds	Fund	Fund	Fund	Fund	Fund	Fund			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue											
	2,108,462	—	—	—	—	—	—	—	—	2,108,462	2,326,625
	163,293	—	—	—	—	—	—	—	—	163,293	473,547
	20,100	—	—	—	—	—	—	—	—	20,100	26,471
	852,129	—	—	—	—	—	—	—	(36,324)	815,805	637,437
	21,597	—	—	—	—	—	—	—	—	21,597	46,462
	13,398	—	—	—	—	—	—	—	—	13,398	12,091
A	5,631,928	—	—	—	—	—	—	330,597	(330,597)	5,631,928	5,448,162
	390,661	—	—	—	—	—	—	—	—	390,661	—
14	1,734,286	—	214,858	—	—	—	—	—	—	1,949,144	96,303
11	—	—	—	—	—	—	—	—	—	—	—
	42,777	—	761,924	—	—	—	—	262,051	—	1,066,752	1,029,869
14	—	—	—	524,001	—	—	—	—	—	524,001	1,229,696
15	—	8,573,965	—	—	87,500	149,409	—	239,000	(50,950)	8,998,924	8,551,650
	—	—	—	—	—	—	—	—	—	—	—
	10,978,631	8,573,965	976,782	524,001	87,500	149,409	—	831,648	(417,871)	21,704,065	19,878,313
Expenses											
	1,561,075	—	—	—	—	—	—	—	—	1,561,075	1,623,856
	271,042	—	—	—	—	—	—	—	—	271,042	254,166
	1,018,689	—	—	—	83,428	80,405	42,324	193,133	(50,758)	1,367,221	921,011
	127,231	—	—	—	—	—	—	—	—	127,231	198,164
	717,908	—	—	—	—	69,006	—	—	—	786,914	701,548
A	6,018,028	—	—	—	—	—	—	330,597	(381,547)	5,967,078	5,776,964
	65,623	—	—	—	—	—	—	—	—	65,623	86,680
	64,999	—	—	—	—	—	1,334	—	—	66,333	55,362
	—	—	—	42,428	—	—	—	—	—	42,428	139,940
	—	8,351,493	—	—	—	—	—	—	—	8,351,493	8,371,033
21	—	—	214,858	384,407	—	—	103,081	—	—	702,346	1,111,900
	—	—	755,673	—	—	—	—	263,959	—	1,019,632	1,002,740
25	—	—	—	—	—	—	—	—	—	—	—
	9,844,595	8,351,493	970,531	426,835	83,428	149,411	146,739	787,689	(432,305)	20,328,416	20,243,364
Excess (deficiency) of revenue over expenses before the undernoted											
	1,134,036	222,472	6,251	97,166	4,072	(2)	(146,739)	43,959	14,434	1,375,649	(365,051)
Change in investment in Cathedral Hill Foundation											
9	55,635	—	—	—	—	—	—	—	—	55,635	207,999
	245,320	106	—	6,954	567	—	145,838	6,991	(14,434)	391,342	457,745
	119,384	—	—	—	970	—	—	—	—	120,354	4,436
Excess (deficiency) of revenue over expenses											
	1,554,375	222,578	6,251	104,120	5,609	(2)	(901)	50,950	—	1,942,980	305,129
Balance, beginning of year											
	1,985,636	698,403	1,546,646	(110,203)	—	—	4,843,132	1,857,794	—	10,821,408	10,516,279
13	—	—	—	—	—	—	—	2,000,000	—	2,000,000	—
17	(487,520)	—	—	—	298,481	—	189,039	—	—	—	—
	3,052,491	920,981	1,552,897	(6,083)	304,090	(2)	5,031,270	3,908,744	—	14,764,388	10,821,408

The accompanying notes and schedules are an integral part of the consolidated financial statements.

The Incorporated Synod of the Diocese of Ottawa
Consolidated statement of cash flows
Year ended December 31, 2017

	2017	2016
	\$	\$
Operating activities		
Excess of revenue over expenses	1,942,980	305,129
Adjustments for:		
Change in investment in Cathedral Hill Foundation	(55,635)	(207,999)
Amortization of capital assets	1,099,588	1,088,448
Amortization of deferred capital contributions	(1,066,752)	(1,029,869)
Recognition of deferred capital contributions on disposal of capital assets	(390,661)	—
Gain on disposal of parish managed capital assets	(214,858)	(82,969)
Gain on disposal of operating fund capital assets	(1,734,286)	(13,334)
Increase (decrease) in deferred revenue	(310,276)	149,557
 Change in non-cash operating working capital balances		
Accounts receivable	(1,354,804)	151,913
Prepaid expenses	23,040	16,881
Accounts payable and accrued liabilities	218,984	(361,160)
Deferred contributions	420,979	42,730
	(1,421,701)	59,327
Investing activities		
Repayment - loan receivable from St. James Anglican Church, Carleton Place	150,332	15,775
Repayment for St. Paul's Anglican Church, Shawville	34,862	88,138
Repayment - long-term loan receivable	55,861	3,428
Net sale (purchase) of investments	435,140	(460,000)
Reinvestment of income on investments	(4,796)	(5,356)
Increase in investment in Consolidated Trust Fund (CTF)	(2,484,691)	(213,533)
Advances - mortgages and promissory notes	(120,000)	—
Repayments received - mortgages and promissory notes	195,636	266,932
Purchase of capital assets	(3,627,597)	(849,794)
Proceeds on disposal of operating fund capital assets	2,134,031	13,334
Proceeds on disposal of parish managed capital assets	214,858	82,969
	(3,016,364)	(1,058,107)
Financing activities		
Increase in deferred revenue - other	25,908	13,875
Increase in deferred contributions - Designated Funds	608,790	146,884
Contributions received for capital assets	3,538,571	643,455
	4,022,937	788,439
	(415,128)	(210,341)
Net decrease in cash	1,427,789	1,638,130
Net cash, beginning of year	1,012,661	1,427,789
Cash, end of year		

The accompanying notes and schedules are an integral part of the consolidated financial statements.

The Incorporated Synod of the Diocese of Ottawa

Notes to the consolidated financial statements

December 31, 2017

1. Description of organization

The Diocese of Ottawa is a partner in the worldwide Anglican Communion and in the universal Church. The Diocesan Vision is to be a vibrant body of faithful Christians working to fulfill the mission that God has given. The Diocesan mission is to enable people to know Jesus Christ; to live and share the good News; to grow in faith; and to serve God's world.

The Synod is the governing body of the Anglican Church in the Ottawa Diocese. It was incorporated by a special act of the Ontario Legislature, under the name The Incorporated Synod of the Diocese of Ottawa (the "Synod"). It is a registered charitable organization and is exempt from income taxes.

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Basis of presentation

These consolidated financial statements present all the assets, liabilities, revenue, and expenses of the Synod and the following controlled entities on a consolidated basis: The Anglican Diocese of Ottawa Extension Fund Incorporated (Extension Fund) and Cornerstone Housing for Women ("Cornerstone").

The Synod accounts for its interest in the Cathedral Hill Foundation (CHF), its joint venture, using the equity method of accounting. The investment in CHF is recorded in the consolidated statement of financial position within the Operations Fund.

These consolidated financial statements also report the assets and liabilities of the Consolidated Trust Fund which serves as the investment arm of the Synod and various diocesan bodies, and the activities of the Synod Trust.

The Synod is responsible under the provisions of Canon Law for the operation of various parishes and other controlled bodies of the diocese with day-to-day operations being conducted by persons appointed by the Synod. The accounts of these organizations have not been consolidated in these statements as each of these large numbers of organizations is not material to the presentation of the financial statements and because relevant financial information may not be available on a timely basis. The parishes' real estate, which includes land and buildings, is recorded in the Synod's Parish Managed Capital Asset Fund. Apportionment fees and charges of the Parochial Pay and Insurance Funds paid to the Synod by these bodies are included in revenue in these consolidated financial statements and payroll and certain other costs are included in expenses.

Financial instruments

Financial instruments consist of cash and cash equivalents, investments, loans and accounts receivable, mortgages and promissory notes, accounts payable and accrued liabilities, loan payable and long-term debt.

All financial assets and liabilities are initially measured at fair value and subsequently are measured at amortized cost, with the exception of cash and cash equivalents and investments which are measured at fair value.

Investments in equity instruments are recorded at cost less any reduction for impairment unless the equity instruments are quoted in an active market then they are measured at fair value. All changes in fair value are recorded in the statement of revenue and expenses.

Related party transactions are concluded in the normal course of business and are recorded at exchange amounts.

The Incorporated Synod of the Diocese of Ottawa

Notes to the consolidated financial statements

December 31, 2017

2. Significant accounting policies (continued)

Fund accounting

In accordance with the principles of fund accounting, the Synod maintains its accounting records to ensure that limitations and restrictions placed on the use of available resources are observed. Under this method, all resources are classified for accounting and reporting purposes into funds that are in accordance with specific activities and objectives. Accordingly, separate accounts are maintained for the following funds: Operations Fund, Parochial Pay and Insurance Funds, Parish Managed Capital Asset Fund, the Growing in Faith Together (GIFT) Fund, the Real Estate Stewardship Fund and Today for Tomorrow Fund.

The Operations Fund accounts for the Synod's overall operating of activities and the related capital assets. Net assets related to the Second Century Fund are reflected as internally restricted net assets in the Operations Fund.

The Parochial Pay and Insurance Funds account for the payroll costs and related revenue of clergy and lay staff supported by the parishes. The insurance component relates to the property and liability insurance costs and related revenue.

The Parish Managed Capital Asset Fund accounts for the real property managed by the parishes within the Ottawa Diocese's geographic boundaries.

The GIFT Fund was established to account for a fundraising initiative to raise \$12,000,000 over five years, with a mission to: strengthen the congregation; focus the ministry outward; educate the leaders and connect with the wider church. Each parish is to be reimbursed a portion of all the funds they raise and 100% of all funds raised through GIFT in excess of the parish campaign goal.

The Real Estate Stewardship Fund was established to manage and develop surplus properties under Diocesan control and to provide advice to parishes engaged in real estate initiatives.

The Today For Tomorrow Fund was established to account for the Diocesan annual appeal. This appeal will focus on two priorities identified by the people of the Diocese through our Embracing God's Future strategic plan, Engaging the World and Life-long Formation.

The Extension Fund is a controlled not-for-profit organization which was incorporated to provide loans to parishes for capital activities. The Extension Fund is a registered charitable organization and is exempt from income taxes.

Cornerstone is a controlled not-for-profit organization which was incorporated to promote the efficiency and effectiveness of the charitable programs of the Synod by providing and maintaining property and facilities for this purpose and by providing management services related thereto for the benefit of the Cornerstone Housing program. Cornerstone is a registered charitable organization and is exempt from income taxes.

Fund balances

For consolidation purposes, net asset deficiencies within internally restricted funds are reclassified to unrestricted net assets.

Revenue recognition

The Synod follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the Operations Fund in the year received. Effective October 1, 2011, unrestricted non-property contributions, once recognized in the Operations Fund, are to be transferred at a minimum of 10% to the Extension Fund.

In addition, the following policies have been implemented with regards to net proceeds from disposal of real property:

2. Significant accounting policies (continued)

Revenue recognition (continued)

- Net proceeds from the sale of church buildings and the land on which they stand is recognized in the Parish Managed Capital Asset Fund. A minimum of 10% of the net proceeds is to be transferred to the Extension Fund. The remainder of the proceeds shall be assigned by the Property and Finance Committee in consultation with the Bishop.
- Parishes may apply to the Bishop for a portion of the remaining net proceeds to be designated to non-operational expenses relating to: the on-going ministry of the parish (e.g., in the case of the amalgamation of congregations or of the continuation of multi-point parishes); the support for the congregation(s) involved in on-going support of those affected by a church closure; or a purpose in keeping with the objective of promoting the ministry of the Anglican Church of Canada within the Diocese of Ottawa.
- Net proceeds from the sale of parochial real property (excluding church buildings and rectories), is recognized in the Parish Managed Capital Asset Fund as revenue and a contribution back to the parish, which may be deposited in the Consolidated Trust Fund in the name of the parish or returned to the parish for current parish capital projects.
- Starting in 2017, net proceeds from the sale of non-parochial real properties is recognized in the Operating Fund with 10% allocated to the Extension Fund, and 15% allocated to the Real Estate Stewardship Fund. Previously, net proceeds from the sale of non-parochial real property were recognized as revenue in the respective fund/entity and a minimum of 10% of the net proceeds were transferred to the Extension Fund with the disposition of the remainder of the proceeds assigned by the Property and Finance Committee in consultation with the Bishop.

Restricted contributions, for which the Synod has no corresponding restricted fund, are deferred and recognized as revenue in the Operations Fund in the year in which the related expenses are incurred.

Contributions received in the form of capital assets are recorded at fair value if the asset would normally have been acquired, otherwise it is recorded at a value of nil. Contributions received in the form of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the contributed capital assets. Contributions received in the form of capital assets that will not be amortized are recognized as a direct increase in the fund balance.

Contributed materials and services are recorded when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Pledges and bequests are not recorded as revenue until collected.

Investment revenue and other revenue are recognized in the particular fund to which they apply, with the exception of the Parochial Pay and Insurance Fund, for which its investment revenue is recognized in the Operations Fund.

Deferred revenue

To the extent that revenue for the year exceeds expenses in the five individual Community Ministries (Centre 454/ASSC, Cornerstone Program, The Well, OPC and the Table), the excess revenue is deferred for use in the following year. To the extent that expenses for the year in individual Community Ministries exceed revenue, and that such deficiencies will not be funded by third parties, the excess expenses are charged against operations.

Salaries and benefits

Payroll costs for clergy and lay staff in parishes, including benefit costs, vacation pay and sick leave, are recovered from the parishes and ministries.

2. Significant accounting policies (continued)

Capital assets

Acquisitions of furniture and fixtures are amortized over a three-year period on a straight-line basis. Leasehold improvements are amortized over a ten-year period on a straight-line basis.

The Cornerstone building is amortized on a straight-line basis over forty years. Furnace, roofing, elevator and windows and air conditioning system for the Cornerstone building are amortized on a straight-line basis over 25 years. Furniture and fixtures, computer hardware and software are amortized over a three-year period.

Capital assets under construction or development are carried at cost, less any write-downs for impairment. Amortization of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Minor assets purchased for externally funded Community Ministries' Projects are charged directly to expense.

Subsequent to 1998, real estate owned by the Synod is recorded at cost. Other properties are carried at a nominal value of \$1 as the fair value cannot be reasonably determinable. Major improvements to the Diocese's administrative offices and retreat centre (Temple Pastures) are being amortized on a straight-line basis over ten years.

Parish managed capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives of forty years. When the cost of a capital asset cannot be reasonably determined, a value of nil is recorded. Additional information pertaining to these assets is disclosed in a separate schedule.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the asset no longer has long-term service potential. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its residual value.

Pension benefits

The Synod provides pensions for both clergy and lay staff through the pension plans of the Anglican Church of Canada. The General Synod Pension Plan is a contributory target benefit specified multi-employer pension plan that specifies the expected benefits to be paid to members upon pension eligibility. For accounting purposes, the Plan is considered to be a defined contribution pension plan since contributions are limited to amounts determined by the Pension Committee and employers are not required to fund actuarially determined funding deficiencies that may occur from time to time. Rather, such actuarially determined funding deficiencies are addressed by options such as making changes to the contribution levels, making changes to the Plan's investment strategies and/or making adjustments to benefits paid by the Plan. The Diocese's share of the annual contribution to the pension plans is charged to operations in the year in which the contribution is made. Contributions for the year ended December 31, 2017, by the Synod for the General Synod Pension Plan were \$1,074,262 (\$1,103,458 in 2016) and for the Lay Retirement Pension Fund were \$80,789 (\$86,119 in 2016).

Capital management

The Synod defines capital as its fund balances. The Synod's main objective with respect to capital management is to maintain a sufficient level of fund balances, thereby ensuring the ongoing fulfilment of its mission. The purpose of the fund balances are disclosed above. The Synod has complied with all externally imposed capital restrictions. The Synod's definition and financial management of its capital have remained unchanged from the previous year.

2. Significant accounting policies (continued)

Allocation of costs

The Synod allocates amortization expense of its capital assets to departments based on usage.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management's estimates include the collectibility of amounts receivable, valuation of investments, the estimated useful lives of capital assets and the amount of certain accrued liabilities. Actual results could differ from these estimates.

3. Line of credit

The Synod has access to a line of credit of \$600,000 at a rate of prime plus 0.50%. As at December 31, 2017, nil had been borrowed (nil in 2016). The line of credit is secured by the Synod's investments.

4. Investments

Investments consist of guaranteed investment certificates (GIC). Investments are as follows:

	2017	2016
	\$	\$
BMO Rate Optimizer GIC, 1.75% maturing March 3, 2021	137,363	135,000
Interest earned not yet paid	2,433	3,995
BMO Cashable Rateriser GIC, 1.35% maturing December 18, 2017	—	106,145
BMO Cashable Rateriser GIC, 0.75% maturing March 3, 2019	—	325,000
	139,796	570,140

Although the Rateriser GICs have been invested for a term longer than a year, they may be cashed on demand. The Organization's plan is to cash them as needed during 2018.

Market risk

Investment in financial instruments renders the Organization subject to investment risks. These include the risks arising from changes in interest rates. They also include the risks arising from the failure of a party to a financial instrument to discharge an obligation when it is due. Management does not believe that the Organization is subject to significant interest rate risk.

Concentration risk

Concentrations of risk exist when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. Management believes that the concentrations described above do not represent excessive risk for the Organization.

5. Loans receivable and payable

In 2015, a loan was provided to St. Paul's Church, Shawville for \$123,000 as bridge financing until expected government funding was received. This loan was without repayment terms and without interest. The balance receivable from St. Paul's Church as at December 31, 2017, is nil (\$34,861 in 2016) as the remaining balance was fully repaid during the year.

In 2013, the Synod entered into a loan agreement with BMO Bank of Montreal for \$1,400,000, with an interest rate at the Bank of Montreal prime rate plus 1.25%, payable monthly in arrears. As at December 31, 2017, the outstanding balance is \$571,037 (\$721,369 in 2016). The loan is secured by the Synod's investments held by RBC Phillip Hagers and North.

The Synod advanced the funds to St. James Anglican Church, Carleton Place for construction upgrades and subsequently entered a loan agreement with the Extension Fund, such that the Extension Fund would then act as the agent for the borrowed funds. The balance receivable from St. James Anglican Church, Carleton Place is \$571,037 (\$721,370 in 2016).

6. Accounts receivable

	2017	2016
	\$	\$
Due from parishes	1,038,845	833,904
Due from CHF	101,678	101,678
Other	465,744	289,612
Donations	85,634	14,189
City of Ottawa	938,624	9,648
Indirect taxes recoverable	110,201	84,828
Current portion of loan receivable	5,191	3,004
	2,745,917	1,336,863
Allowance for doubtful accounts	(84,250)	(30,000)
	2,661,667	1,306,863

7. Long-term loan receivable

In 2009, the Synod provided a loan of \$93,678 to a related party at an annual rate of 4%, with principal and interest payments of \$495 per month for a term of 25 years. Interest of \$8 (\$136 in 2016) was accrued as accounts receivable at year-end.

Principal payments with interest over the next four years are as follows:

	\$
2018	5,934
2019	5,934
2020	5,934
2021	4,782
	<u>22,584</u>
Less interest	<u>(1,667)</u>
	20,917
Current portion	<u>5,191</u>
Long-term portion	<u>15,726</u>

Current portion of the loan receivable is recorded in accounts receivable.

8. Synod investment in the Consolidated Trust Fund (CTF)

Changes in the Unit holder capital balance during the year were as follows:

	2017				
	Unrestricted	Second century	Real estate stewardship	Designated	Total
	\$	\$	\$	\$	\$
Balance, beginning of year	813,937	1,271,037	—	9,127,780	11,212,754
Add: contributions	1,402,885	—	298,481	117,438	1,818,804
Income and capital distributions	26,998	39,749	567	284,795	352,109
Change in fair value	48,235	71,149	970	588,884	709,238
Less: withdrawals	(13,133)	—	—	(382,326)	(395,459)
Change in income and capital distributions receivable	—	—	—	(26,058)	(26,058)
Balance, end of year	2,278,922	1,381,935	300,018	9,710,513	13,671,388
Income and capital distributions receivable	—	—	—	149,270	149,270
	2,278,922	1,381,935	300,018	9,859,783	13,820,658

	2016			
	Unrestricted	Second century	Designated	Total
	\$	\$	\$	\$
Balance, beginning of year	771,083	1,210,908	8,964,088	10,946,079
Add: contributions	26,486	—	332,904	359,390
Income and capital distributions	19,567	37,435	284,092	341,094
Change in fair value	18,076	—	255,713	273,789
Less: withdrawals	(21,275)	(13,640)	(725,825)	(760,740)
Change in income and capital distributions receivable	—	36,334	16,808	53,142
Balance, end of year	813,937	1,271,037	9,127,780	11,212,754
Income and capital distributions receivable	—	—	123,213	123,213
	813,937	1,271,037	9,250,993	11,335,967

The income and capital distributions receivable represents the outstanding distribution of \$0.70 (\$0.68 in 2016) per unit, which was payable by the CTF at year-end.

Market risk

Investment in financial instruments renders the Synod subject to investment risks. These include the risks arising from changes in interest rates, in rates of exchange for foreign currency, and in equity markets both domestic and foreign. They also include the risks arising from the failure of a counterparty to a financial instrument to discharge an obligation when it is due.

The Synod's investments consist of units held in the CTF. The CTF has adopted investment policies, standards and procedures to control the amount of risk to which it is exposed. The investment practices of the CTF are designed to avoid undue risk of loss and impairment of assets and to provide a reasonable expectation of fair return given the nature of the investments. The maximum investment risk to the Synod is represented by the market value of the investments.

8. Synod investment in the Consolidated Trust Fund (CTF) (continued)

Investment risk (continued)

(a) Concentration risk

Concentration risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. The relative proportions of the types of investments in the portfolio are as follows:

	2017	2016
	%	%
	of fair value	of fair value
Cash	6	4
Fixed income		
Canadian - mutual funds	27	28
International – mutual funds	9	8
	36	36
Equities		
Canadian	28	31
U.S.	7	9
International	23	20
	58	60
	100	100

(b) Foreign currency risk

Foreign currency exposure arises from the CTF's holdings of non-Canadian denominated investments, which as noted above represented 39% (37% in 2016) of the total portfolio. The Synod does not enter into financial hedges for managing foreign currency risks.

9. Investment in Cathedral Hill Foundation (CHF)

As a 50% partner in CHF joint arrangement, the Synod includes half of CHF's excess of revenue over expenses, and any investment of assets in its determination of its investment in CHF.

In 2013, the Synod contributed land at a cost of \$135,201 to the joint arrangement. A summary of the changes during the year in the Synod's Investment in CHF is as follows:

	2017	2016
	\$	\$
Balance, beginning of year	426,005	218,006
Excess of revenue over expenses before distributions	80,635	207,999
Distribution to the Synod	(25,000)	—
Balance, end of year	481,640	426,005

9. Investment in Cathedral Hill Foundation (CHF) (continued)

Summaries of CHF's statement of financial position, statement of revenue and expenses, and cash flows are as follows:

Summary statement of financial position

	2017	2016
	\$	\$
Assets	5,821,263	5,876,324
Liabilities	5,278,384	5,444,715
Net assets		
Christ Church Cathedral	196,440	140,805
Anglican Diocese of Ottawa	346,439	290,804
	542,879	431,609
Liabilities and net assets	5,821,263	5,876,324

Summary statement of revenue and expenses

	2017	2016
	\$	\$
Revenue	125,044	462,646
Expenses	103,119	135,949
Excess of revenue over expenses before undernoted	21,925	326,697
Change in fair value of investments	139,345	89,301
Distribution to Incorporated Synod Diocese of Ottawa	(25,000)	—
Distribution to Christ Church Cathedral	(25,000)	(50,000)
Excess of revenue over expenses	111,270	365,998

Summary statement of cash flows

	2017	2016
	\$	\$
Operating	(125,954)	3,175,040
Investing	(46,131)	(2,582,825)
Financing	—	(307,823)
Net cash flows	(172,085)	284,392

The Incorporated Synod of the Diocese of Ottawa
Notes to the consolidated financial statements
December 31, 2017

10. Mortgages and promissory notes

The mortgages and promissory notes held by the Extension Fund as at December 31, 2017, are detailed in Schedule B.

Credit risk

The Extension Fund provides credit to the parishes in the normal course of business. In 2015, the Extension Fund provided a vendor take back mortgage to a third party. The Extension Fund performs ongoing credit evaluations and maintains allowances for potential credit losses, which to date, have been within the range of management's expectations.

The Extension Fund is exposed to credit risk in the event of non-performance by counterparties and to concentration risk due to the size of individual loan balances as a percentage of total outstanding loans with third parties as at December 31, 2017, as noted: St Helen's, Orleans which represents 29% (30% in 2016); Mayat Strategic Consulting Limited (ASSH) which represents 22% (22% in 2016); St. James, Carleton Place which represents 14% (18% in 2016); and, St. Paul's Church, Kanata, which represents 14% (14% in 2016).

11. Capital assets

	2017			2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Operations Fund				
Synod				
Administrative office renovation	298,900	55,939	242,961	207,872
Furniture and fixtures	5,931	3,516	2,415	6,936
Centre 454/ASSC renovations	1,014,230	127,919	886,311	911,666
Former St. Matthias	—	—	—	365,912
Former St. Michael's/All Angels	241,607	65,594	176,013	155,653
Former St. Mark's Cumberland	—	—	—	24,750
Renovations	165,021	79,804	85,217	110,803
Buildings	1	—	1	1
	1,725,690	332,772	1,392,918	1,783,593
Parish Managed Capital Asset Fund				
Land	336,423	—	336,423	336,423
Buildings	31,662,018	11,645,246	20,016,772	20,074,706
	31,998,441	11,645,246	20,353,195	20,411,129
Cornerstone Foundation				
Land	3,568,820	—	3,568,820	1,568,820
Buildings	6,784,198	1,130,701	5,653,497	5,823,103
Building under construction	840,832	—	840,832	—
Furnace, roofing, elevator and windows	1,935,054	516,014	1,419,040	1,496,442
Air conditioning system	423,787	88,995	334,792	351,743
Furniture and fixtures	190,449	190,449	—	—
Computer hardware and software	11,099	11,099	—	—
	13,754,239	1,937,258	11,816,981	9,240,108
	47,478,370	13,915,276	33,563,094	31,434,830

Additional information pertaining to the parish managed capital assets is disclosed in Schedule C.

11. Capital assets (continued)

During 2017, the Synod sold the following non-parochial real properties from the Operations Fund:

- Former St. Matthias (Parkdale) for net proceeds of \$1,607,389, with a net book value of \$365,912, resulting in a gain of \$1,241,477.
- Former St. Marks (Cumberland) for net proceeds of \$151,030, with a net book value of \$24,750, resulting in a gain of \$126,280.
- Temple Pastures for net proceeds of \$375,611, with a net book value of \$9,082, resulting in a gain of \$366,529.

Also in 2017, the Synod sold the Parish Hall at St. James Carleton Place from the Parish Managed Capital Asset Fund for net proceeds of \$214,858, with a net book value of nil, thereby resulting in a gain of \$214,858.

In 2016, the Synod sold the following real properties:

- From the Operations Fund – Yorks Corners for net proceeds of \$13,334, with a net book value of nil, resulting in a gain of \$13,334.
- From the Parish Managed Capital Asset Fund – two properties in Hawkesbury for net proceeds of \$82,969, with a net book value of nil, resulting in a gain of \$82,969.

12. Accounts payable and accrued liabilities

	2017	2016
	\$	\$
Government remittances	9,574	34,201
Payroll	151,268	—
Refugee trusts	210,488	284,012
Trade/other	727,021	408,289
GIFT: parishes (Note 16)	51,342	204,207
	1,149,693	930,709

13. Deferred contributions

The Extension Fund's deferred contributions consist of donations to be used towards the purchase or construction of a new church in Ottawa South.

Cornerstone's deferred contributions represent donations and grants which will be used in subsequent periods for the building and other related costs.

13. Deferred contributions (continued)

Changes in the deferred contributions balance during the year are as follows:

	2017	2016
	\$	\$
Balance, beginning of year	50,230	7,500
Contributions received	2,631,907	—
Grants receivable from City of Ottawa	776,917	—
Amount recognized as revenue	(147,013)	—
Transfer to deferred contributions for capital assets	(840,832)	—
Contribution for land recognized as direct (decrease) increase in net assets	(2,000,000)	42,730
Balance, end of year	471,209	50,230

14. Deferred capital contributions

Deferred capital contributions represent the unamortized portion of capital asset contributions.

	2017			
	Operations Fund	Parish Managed Capital Assets Fund	Cornerstone Foundation	Total
	\$	\$	\$	\$
Balance, beginning of year	1,319,599	18,864,483	7,625,507	27,809,589
Contributions received	—	697,739	—	697,739
Transfer from deferred contributions	—	—	840,832	840,832
Disposals recognized as revenue	(390,661)	—	—	(390,661)
Amortization recognized as revenue	(42,777)	(761,924)	(262,051)	(1,066,752)
Balance, end of year	886,161	18,800,298	8,204,288	27,890,747

	2016			
	Operations Fund	Parish Managed Capital Assets Fund	Cornerstone Foundation	Total
	\$	\$	\$	\$
Balance, beginning of year	837,052	19,471,393	7,887,557	28,196,002
Contributions received	—	643,456	—	643,456
Transfer from Parish Managed Capital Asset Fund	538,039	(538,039)	—	—
Amortization recognized as revenue	(55,492)	(712,327)	(262,050)	(1,029,869)
Balance, end of year	1,319,599	18,864,483	7,625,507	27,809,589

15. Donations to GIFT campaign

Donations for the GIFT campaign received during the year were as follows:

	Received during the year	Received in prior years	Amount pledged	Total 2017	Total 2016
	\$	\$	\$	\$	\$
Donations restricted for					
Archives	10,000	17,125	—	27,125	17,125
Bishop's initiative	—	20,509	—	20,509	20,509
Community Ministries	—	25,925	—	25,925	25,925
Other	350	25,915	—	26,265	25,915
	10,350	89,474	—	99,824	89,474
Unrestricted donations	513,651	9,243,458	2,427,737	12,184,846	12,025,116
	524,001	9,332,932	2,427,737	12,284,670	12,114,590

16. GIFT funds payable to parishes

Donations raised through the GIFT campaign for the parishes were allocated and distributed to the parishes during the year as follows:

	2017	2016
	\$	\$
Balance, beginning of year	204,207	144,635
Allocations for parishes	384,407	855,508
Distributions to parishes	(537,272)	(795,936)
Balance, end of year	51,342	204,207

17. Interfund transfers

	2017		
	Operations Fund	Real Estate Stewardship Fund	Extension Fund
	\$	\$	\$
Proceeds on sale of non-parochial real property transferred to the Real Estate Stewardship Fund and the Extension Fund			
St. Matthias	(350,212)	210,128	140,084
Temple Pastures	(85,082)	51,049	34,033
St. Marks Cumberland	(52,226)	37,304	14,922
	(487,520)	298,481	189,039

17. Interfund transfers (continued)

	2016		
	Operations Fund	Parish Managed Capital Asset Fund	Extension Fund
	\$	\$	\$
Elimination of loan for St. Albans the Martyr	(1,300,826)	1,300,826	—
Elimination of loan for St. Albans the Martyr	1,000,000	—	(1,000,000)
Gain on sale of Lot 2 Concession 10 allocated to Extension Fund	(13,334)	—	13,334
Proceeds of sale St. Paul's Hawesbury allocated to Extension Fund	—	(2,924)	2,924
	<u>(314,160)</u>	<u>1,297,902</u>	<u>(983,742)</u>

18. Donations and bequests

The Synod received, as an agent, donations of \$357,158 (\$487,028 in 2016) which are transferred directly to the related organizations and are not recorded in the statement of revenue and expenses.

19. Homeless Partnership Initiative (HPI) grants from the City of Ottawa – Operations Fund

During 2017, the Synod received a grant for The Well of \$19,015 (\$28,000 in 2016) for a rooming house pilot program. Total expenditures of \$19,015 (\$28,000 in 2016) were incurred. The Synod received a grant for Cornerstone of nil (\$17,209 in 2016) for a rooming house pilot program. Total expenditures of nil (\$17,209 in 2016) were incurred. The Synod received a grant for ASSC/Centre 454 of \$63,677 (\$26,000 in 2016) for a Homeless Partnership initiative. Total expenditures of \$63,677 (\$26,000 in 2016) were incurred. The Synod received a grant for The Table 454 of \$48,364 (nil in 2016) for a Homeless Partnership initiative. Total expenditures of \$48,364 (nil in 2016) were incurred.

20. Guarantees

Under Canon Bylaws and Regulations, upon the cessation of any parish, the residual assets or liabilities will flow to the Synod.

21. Parochial Pay and Insurance Funds

	2017		
	Parochial Pay Fund	Insurance Fund	Total
	\$	\$	\$
Balance, beginning of year	73,914	624,489	698,403
Excess of revenue over expenses	204,196	18,382	222,578
Balance, end of year	<u>278,110</u>	<u>642,871</u>	<u>920,981</u>

21. Parochial Pay and Insurance Funds (continued)

	2016		
	Parochial Pay Fund	Insurance Fund	Total
	\$	\$	\$
Balance, beginning of year	59,549	605,164	664,713
Excess of revenue over expenses	14,365	19,325	33,690
Balance, end of year	73,914	624,489	698,403

Included in the 2017 parochial remuneration expenses for the year, are \$99,698 (2016 – \$nil) of expenses relating to the costs of curacies.

22. Commitments and contingencies

City of Ottawa – Affordable Housing Program (AHP) (Booth Location)

In fiscal 2010, the Organization entered into an AHP Agreement (the “Agreement”) with the City of Ottawa (the “City”) for a 20-year term. Under this Agreement, the Organization completed the construction of a 42-unit building at 314 Booth Street, Ottawa. The official occupancy date was May 19, 2011.

The terms of the Agreement require that the Organization establish a Replacement Reserve Fund in respect of the project, which will be funded at an annual rate of \$46,000 to commence by the end of the first calendar year of operations, increasing by the City Consumer Price Index each subsequent year until the Replacement Reserve Fund reaches a value of 15% of the insured replacement cost of the project, including significant capital items. In 2013, the City agreed that an amount of \$47,689 could be used towards the purchase of a new air conditioning unit. As the unit is being amortized, an amount equal to the amortization expense is transferred to the replacement reserve. In 2017, total transfers to the replacement reserve fund were \$52,858 (\$51,658 in 2016) consisting of a \$50,950 (\$49,750 in 2016) contribution and \$1,908 (\$1,908 in 2016) related to the amortization of the unit.

The City has registered a mortgage against the project to secure its contributions to the project in the amount of \$6,684,518, which consists of \$6,300,000 in cash for the building and a contribution of \$384,518, which included fees waived for building permit, school board charges, development and planning fees. No mortgage payments are required by the Organization as long as the project units constructed continually meet the definition of “Affordable Housing” as set out in the Agreement for 20 years from May 19, 2011, the date of first occupancy of the project units; otherwise the principal amount of the City’s mortgage including interest shall become due and payable. At the end of the 20-year term of the Agreement, if all the project units have, throughout the term of this Agreement, met the Agreement’s definition of “Affordable Housing”, the principal amount of the City’s mortgage will be forgiven. A sliding scale for forgiveness has been set at 5% per year over the 20 years.

City of Ottawa – Social Infrastructure Fund (SIF) and Conditional Grant (Princeton Location)

During the year, the Organization entered into an AHP Agreement (the “Agreement”) with the City of Ottawa for a 35-year term.

The terms of the Agreement require the Organization, at the end of the first fiscal year of operations, to establish a Replacement Reserve Fund in respect of the project, which will be funded at an annual rate of \$24,790 or 0.67% of the construction/total operating value of the project plus the City Consumer Price Index each subsequent year until the Replacement Reserve Fund reaches a value of 15% of the insured replacement cost of the project including significant capital items.

22. Commitments and contingencies (continued)

City of Ottawa – Social Infrastructure Fund (SIF) and Conditional Grant (Princeton Location) (continued)

The City has registered a charge on title to the property to secure its contribution to the project of \$6,021,853 which includes up to \$5,410,000 in cash for purchase of the land and payment of construction costs and a contribution of \$561,853, which includes fees waived for building permit, development charges, school board charges and parkland development charges. The charge shall remain in place for the 35-year term of the Agreement.

During the year, construction began at the property located at 373 Princeton Avenue. As at December 31, 2017, the construction project is 8% complete, and \$2,000,000 have been received under this Agreement to purchase the land. In February 2018, the Second Payment request, amounting to \$862,122, was made under the Agreement covering costs of \$85,204 incurred and expensed in 2016 and \$776,917 incurred in 2017. These amounts have been accrued in these financial statements.

The Incorporated Synod of the Diocese of Ottawa (the “Synod”)

The Synod is involved in certain claims for which management has recorded its best estimate of the outcome in these financial statements. Should the final outcome of these contingencies be different from the estimates recorded, thereby resulting in additional expense, the difference will be recorded in the year of settlement.

Cathedral Hill Foundation (CHF)

As disclosed in note 9, the Synod is a 50% partner in the CHF joint arrangement. CHF has been assessed municipal taxes in arrears for approximately \$260,000 (including penalty fees but excluding interest costs) stemming back to 2012. The Foundation has not accrued a liability for the taxes as its portion of the property should be exempt due to its charity status. The Foundation is continuing negotiations with the City of Ottawa in order to have these taxes waived.

23. Related party transactions

In addition to those related party transactions and balances disclosed elsewhere in these consolidated financial statements, during the year, the Synod entered into the following transactions with related parties:

Consolidated Trust Fund

The Operations Fund charged the Consolidated Trust Fund administration fees of \$396,344 (\$363,032 in 2016). Interest of \$2,395 (\$6,232 in 2016) was paid by the Operations Fund to the Consolidated Trust Fund for use of cash.

Extension Fund Incorporated

The Operations Fund charged the Extension Fund administration fees of \$36,324 (\$44,784 in 2016). The Extension Fund earned interest of \$14,434 (\$13,094 in 2016) from the Operations Fund.

23. Related party transactions (continued)

Cornerstone Housing for Women (Cornerstone)

As at June 1, 2011, Cornerstone entered into a twenty-year lease agreement with Cornerstone Housing for Women, a Community Ministry of the Synod to lease the building known as 314 Booth Street and the adjoining parking lot. The annual rent as per the lease agreement is \$1 plus an annual amount equal to that which must be contributed to the Replacement Reserve Fund; in 2017 the rent was \$50,950 (\$49,750 in 2016).

Starting January 1, 2013, Cornerstone began collecting charitable donations and issuing charitable tax receipts on behalf of the Cornerstone Housing for Women Community Ministry Program (the "Program"). During the year, Cornerstone received donations of \$286,429 (\$301,412 in 2016) less related expenses of \$5,862 (\$7,354 in 2016) of which \$245,392 (\$154,382 in 2016) was contributed to the Program. In addition, 2016 expenses for the Princeton construction project, totaling \$85,205, were recovered in funding from the City of Ottawa in 2017 and contributed to the Program in 2017.

24. Fair value and related risks

The fair value of investments, accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

The fair value of the loan receivable and the mortgages and promissory notes, and long-term debt are not readily determinable.

It is management's opinion that they are not exposed to any significant credit, liquidity or market risks arising from these financial instruments.

25. Allocation of expenses

The Operations Fund allocates the amortization of capital assets to departments based on the actual use of the capital assets by the respective departments. For the year ended December 31, 2017, amortization expense of \$79,956 (\$85,708 in 2016) was allocated as follows:

	2017	2016
	\$	\$
Episcopal	42,316	43,217
Parish Ministry	330	495
Outreach	—	478
Community Ministry	372	186
Administration	36,938	41,333
	79,956	85,709

The Incorporated Synod of the Diocese of Ottawa

Schedules

Year ended December 31, 2017

	2017						2016	
Community Ministries – Schedule A	Cornerstone program	Centre 454/ASSC	Well	Table	OPC	CMD	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
City of Ottawa								
Emergency shelter per diem	1,004,913	—	—	—	—	—	1,004,913	907,555
Shelter-Based Diversion and Case Management	191,568	—	—	—	—	—	191,568	150,594
Homeless Partnership Initiative Grants	—	63,677	19,015	48,364	—	—	131,056	71,209
Project funding	1,133,387	200,279	—	—	—	—	1,333,666	1,322,336
Day program sustaining funding	—	545,731	369,641	263,111	—	—	1,178,483	1,123,587
	2,329,868	809,687	388,656	311,475	—	—	3,839,686	3,575,281
Centertown Citizens Corp.	15,000	—	—	—	—	—	15,000	17,500
Government of Canada/Prov. of Ontario	—	21,503	—	—	—	—	21,503	29,815
Donations from parishes and other	1,030,434	296,966	38,155	77,110	226,363	86,711	1,755,739	1,825,566
	3,375,302	1,128,156	426,811	388,585	226,363	86,711	5,631,928	5,448,162
Expenses								
Personnel	2,729,743	1,021,123	375,230	285,711	80,896	78,271	4,570,974	4,353,587
Capital expenditures	93,862	17,847	15,629	7,920	—	—	135,258	212,969
Operating expenses	546,663	200,351	116,012	159,847	169,921	23,583	1,216,377	1,173,243
Office	60,174	10,358	5,871	6,507	11,438	1,071	95,419	86,915
	3,430,442	1,249,679	512,742	459,985	262,255	102,925	6,018,028	5,826,714
Deficiency of revenue over expenses before Synod apportionment	(55,140)	(121,523)	(85,931)	(71,400)	(35,892)	(16,214)	(386,100)	(378,552)
Synod apportionment to Community Ministries								
Budgeted	55,140	121,523	85,931	71,400	35,892	16,214	386,100	378,552
Non-budgeted	—	—	—	—	—	—	—	—
Excess of revenue over expenses after Synod apportionment	—	—	—	—	—	—	—	—

The Incorporated Synod of the Diocese of Ottawa

Schedules (continued)

Year ended December 31, 2017

Mortgages and promissory notes – Schedule B	Due date	Interest rate	Principal	Advances	Principal	Principal
			balance 2016		repayments	
		%	\$	\$	\$	\$
Mortgages and promissory notes						
Rector and Church Wardens of St. Mark's, Cumberland	December 2008	4.00	6,549	—	6,549	—
St. Paul's Church, Kanata (Note 9)	June 2009	—	566,002	—	3,786	562,216
Christ Church, Bells Corners	June 2012	5.00	1,243	—	1,243	—
Parish of Combermere (Note 9)	December 2012	4.00	33,362	—	—	33,362
St. John's, South March	December 2015	4.00	263,148	—	16,154	246,994
St. Mary Magdalene, Chelsea	December 2015	4.00	2,159	—	2,159	—
Parish of North Gower	June 2016	4.00	23,276	—	2,800	20,476
St. James, Perth	December 2017	4.00	28,896	—	7,763	21,133
St. Barnabas, Deep River	June 2019	4.00	39,231	—	26,148	13,083
St. John the Evangelist, Ottawa	December 2019	4.00	149,735	—	37,040	112,695
Parish of Russell	March 2020	4.00	10,919	—	1,373	9,546
Ascension, Ottawa	December 2020	4.00	144,299	—	7,666	136,633
St Helen's, Orleans	December 2020	4.00	1,210,666	—	36,177	1,174,489
Mayat Strategic Consulting (ASSH)	December 2020	4.00	897,435	—	23,559	873,876
St. John the Evangelist, Ottawa	December 2022	4.00	—	80,000	—	80,000
St. Barnabas, Deep River	June 2022	4.00	—	40,000	23,219	16,781
			3,376,920	120,000	195,636	3,301,284

The Incorporated Synod of the Diocese of Ottawa

Schedules (continued)

Year ended at December 31, 2017

Parish managed capital assets – Schedule C	Cost					Value for insurance purposes	
	Buildings	Land	Combined	Church	Rectory	Buildings	Total
	\$	\$	\$	\$	\$	\$	\$
Location							
Alice, Ontario - St. George's	—	—	—	370,862	—	—	370,862
Almonte, Ontario - St. Paul's	65,971	—	65,971	1,279,807	928,725	310,859	2,519,391
Antrim, Ontario - St. John's	—	—	—	440,914	—	—	440,914
Arnprior, Ontario - Emmanuel Church	161,000	—	161,000	2,294,947	386,269	—	2,681,216
Ashton, Ontario - Christ Church	—	—	—	733,927	196,105	—	930,032
Old Church, Ashton	—	—	—	157,029	—	—	157,029
Prospect (St. Augustine)	—	—	—	183,117	—	226,602	409,719
Aylmer, Quebec - Christ Church	452,678	—	452,678	2,080,146	200,089	—	2,280,235
Balderson, Ontario - St. John's, Drummond	—	—	—	295,269	—	—	295,269
Barrhaven, Good Shepherd	76,000	—	76,000	—	—	—	—
Barry's Bay, Ontario - Church of Epiphany	—	—	—	566,569	188,209	—	754,778
Bathurst, Ontario - St. Stephen's (Brook)	—	—	—	574,653	—	—	574,653
Beachburg, Ontario - St. Augustine's	—	—	—	504,900	—	—	504,900
Bearbrook, Ontario - Holy Trinity	—	—	—	580,750	—	—	580,750
Bouchette, Quebec - St. Georges By The Lake	—	—	—	105,707	—	—	105,707
Bristol Corners, Quebec - St. Thomas	—	—	—	120,554	—	—	120,554
Buckingham, Quebec - St. Stephen's	62,835	—	62,835	1,452,665	—	—	1,452,665
Campbell's Bay, Quebec - St. George's	—	—	—	673,004	—	—	673,004
Carleton Place, Ontario - St. James	1,651,042	—	1,651,042	4,034,192	—	833,116	4,867,308
Carp, Ontario - St. James	60,200	—	60,200	1,563,410	—	—	1,563,410
Carp, Ontario 3rd Line - Christ Church	—	—	—	708,649	—	376,625	1,085,274
Carp, Ontario 6th Line - St. John's	—	—	—	309,081	—	—	309,081
Charteris, Quebec - St. Matthews	—	—	—	176,438	—	—	176,438
Chelsea, Quebec - St. Mary Magdalene	300,000	—	300,000	931,715	—	—	931,715
Clayton, Ontario - St. George's	53,000	—	53,000	565,689	—	—	565,689
Clontarf, Ontario - St. Clement's	—	—	—	187,691	—	—	187,691
Cobden, Ontario - St. Paul's	—	—	—	474,453	137,326	—	611,779
Combermere, Ontario - St. Paul's	128,000	—	128,000	728,097	202,394	—	930,491
Cornwall, Ontario - Trinity	768,354	—	768,354	3,353,781	489,391	—	3,843,172
Danford Lake, Quebec - Trinity Church	—	—	—	191,695	—	265,516	457,211
Deep River, Ontario - St. Barnabas	586,113	—	586,113	1,805,152	—	—	1,805,152
Drummond Twp, Ontario - St. Augustine's	—	—	—	469,992	—	—	469,992
Dunrobin, Ontario - St. Mary's 6th Line	70,000	—	70,000	766,028	—	—	766,028
Dunrobin, Ontario - St. Paul's	54,845	—	54,845	594,247	—	—	594,247
Eardley, Quebec - St. Luke's	—	—	—	258,515	—	—	258,515
Eganville, Ontario - St. John's	—	—	—	1,353,392	435,805	—	1,789,197
Fenaghvale, Ontario - St. Paul's	—	—	—	322,738	—	—	322,738
Fitzroy Harbour, Ontario - St. Georges	—	—	—	655,725	286,714	—	942,439
Franktown, Ontario - St. James	—	—	—	569,631	—	48,742	618,373
Gatineau, Quebec - St. George's	—	—	—	469,789	—	—	469,789
Gatineau, Quebec - Temple Pastures Mission	—	—	—	—	—	—	—
Glen Almond, Quebec - St. John's	—	—	—	104,145	—	—	104,145
Gloucester, Ontario - Epiphany	1,322,609	—	1,322,609	1,209,846	—	—	1,209,846
Gloucester, St. Mary The Virgin	50,000	—	50,000	296,210	160,096	—	456,306
Gracefield, Quebec, St. James	—	—	—	215,160	—	—	215,160
Greely, Ontario - All Saints	—	—	—	256,818	—	—	256,818
Greermount, Quebec - St. Stephen's	—	—	—	331,433	—	—	331,433
Hawkesbury (East), Ontario - St. Paul's	—	—	—	361,801	—	—	361,801
Hawkesbury, Ontario - Holy Trinity	74,634	—	74,634	1,889,376	449,069	—	2,338,445
Innisville, Ontario - St. John's	—	—	—	537,896	—	—	537,896
Iroquois, Ontario - St. John's	—	—	—	1,812,455	—	—	1,812,455
Kanata, Ontario Hazeldean - St. Paul's	3,200,000	—	3,200,000	3,827,410	—	—	3,827,410
Kars, Ontario - St. John The Baptist	62,800	—	62,800	461,598	—	—	461,598
Kazabazua, Quebec - St. Stephen's	—	—	—	127,034	—	—	127,034
Killaloe, Ontario - Church of The Ascension	—	—	—	372,087	—	—	372,087
Lanark, Ontario - St. Paul's	—	—	—	337,203	—	—	337,203
Lancaster, Ontario - St. John's	92,000	—	92,000	1,322,836	—	—	1,322,836
Lascelles, Quebec - Holy Trinity	—	—	—	415,797	—	—	415,797
Leitrim, Ontario - St. James	—	—	—	320,910	—	—	320,910
Long Sault, Ontario - Christ Church	164,820	—	164,820	1,459,486	244,796	—	1,704,282
Maberley, Ontario - St. Alban's	—	—	—	151,068	—	—	151,068
Madawaska, Ontario - Holy Trinity	—	—	—	256,360	—	—	256,360
Maniwaki, Quebec - Christ Church	—	—	—	157,173	—	—	157,173
Manotick, Ontario - St. James	665,000	—	665,000	1,707,179	—	—	1,707,179
Mattawa, Ontario - St. Alban's	—	—	—	434,437	—	—	434,437
Maxville, Ontario - St. Michael's	—	—	—	891,431	—	—	891,431
Metcalfe, Ontario - Holy Trinity	53,968	—	53,968	1,353,120	—	—	1,353,120
Micksburg, Ontario - St. Patrick's	—	—	—	603,893	286,701	—	890,594
Morehead, Quebec - St. John's	—	—	—	161,749	—	—	161,749
Morrisburg, Ontario - St. James	—	—	—	4,982,000	356,505	—	5,338,505
Navan, Ontario - St. Mary's	314,240	—	314,240	1,366,873	210,363	—	1,577,236
Nepean, Ontario - Christ Church	731,462	—	731,462	2,177,411	273,771	—	2,451,182
Nolans Corners, Ontario - St. Bede's	283,084	—	283,084	355,660	—	219,734	575,394
North Gower, Ontario - Holy Trinity	117,892	—	117,892	1,653,361	335,016	—	1,988,377
Orleans, Ontario - St. Helen's	640,175	265,000	905,175	1,872,720	—	—	1,872,720
Total	12,262,722	265,000	12,527,722	66,688,856	5,767,344	2,281,194	74,737,394

The Incorporated Synod of the Diocese of Ottawa

Schedules (continued)

Year ended at December 31, 2017

Parish managed capital assets – Schedule C (continued)	Cost					Value for insurance purposes	
	Buildings	Land	Combined	Church	Rectory	Buildings	Total
	\$	\$	\$	\$	\$	\$	\$
Location (continued)							
Brought forward	12,262,722	265,000	12,527,722	66,688,856	5,767,344	2,281,194	74,737,394
Osgoode, Ontario - St. Paul's	52,000	—	52,000	930,314	—	—	930,314
Ottawa, Ontario - All Saints (Westboro)	766,605	—	766,605	5,624,809	—	—	5,624,809
Ottawa, Ontario - Ascension	375,520	—	375,520	1,164,912	—	—	1,164,912
Ottawa, Ontario - Christ Church Cathedral	2,261,361	—	2,261,361	25,119,560	—	—	25,119,560
Ottawa, Ontario - Resurrection	70,000	—	70,000	2,864,234	—	—	2,864,234
Ottawa, Ontario - St. Aidan's	90,000	—	90,000	2,475,089	—	—	2,475,089
Ottawa, Ontario - St. Alban's	2,282,162	—	2,282,162	3,687,956	—	—	3,687,956
Ottawa, Ontario - St. Barnabas	629,543	—	629,543	4,596,255	—	—	4,596,255
Ottawa, Ontario - St. Bartholomew's	1,277,078	—	1,277,078	2,971,810	397,391	—	3,369,201
Ottawa, Ontario - St. Columba	—	—	—	2,251,302	341,234	—	2,592,536
Ottawa, Ontario - St. John The Evangelist	2,306,311	—	2,306,311	6,664,577	—	—	6,664,577
Ottawa, Ontario - St. Luke's	262,903	—	262,903	3,293,615	—	138,527	3,432,142
Ottawa, Ontario - St. Mark's	416,855	—	416,855	1,785,086	—	—	1,785,086
Ottawa, Ontario - St. Martin's	164,000	—	164,000	3,236,777	247,188	—	3,483,965
Ottawa, Ontario - St. Matthew's	2,500,258	—	2,500,258	7,115,337	—	—	7,115,337
Ottawa, Ontario - Julian (St. Richard's)	167,203	—	167,203	3,909,968	244,659	—	4,154,627
Ottawa, Ontario - St. Stephen's	169,066	—	169,066	2,882,928	—	—	2,882,928
Ottawa, Ontario - St. Thomas The Apostle	888,602	—	888,602	3,161,904	262,691	—	3,424,595
Ottawa, Ontario - Trinity	206,951	—	206,951	5,130,678	306,797	—	5,437,475
Otter Lake, Quebec - St. James	—	—	—	211,955	—	—	211,955
Pakenham, Ontario - St. Mark's	—	—	—	947,999	422,083	—	1,370,082
Pembroke, Ontario - Holy Trinity	496,014	—	496,014	3,848,638	523,463	—	4,372,101
Perth, Ontario - St. James	257,427	—	257,427	5,890,112	336,971	—	6,227,083
Petawawa, Ontario - All Saints	70,000	—	70,000	396,746	229,657	—	626,403
Poltimore, Quebec - Christ Church	—	—	—	255,166	—	—	255,166
Portage du Fort, Quebec - St. George's	—	—	—	658,109	—	—	658,109
Radford, Quebec - Holy Trinity	—	—	—	185,783	—	78,280	264,063
Rankin, Ontario - St. Thomas	—	—	—	396,746	—	—	396,746
Renfrew, Ontario - St. Paul's	—	—	—	1,117,843	—	—	1,117,843
Richmond, Ontario - St. John's The Baptist	—	—	—	1,293,420	266,911	—	1,560,331
Riverside Heights, Ontario - Trinity Church	—	—	—	750,165	—	—	750,165
Russell, Ontario - St. Mary's	—	—	—	1,170,297	—	—	1,170,297
Rutherglen, Ontario - St. Margaret's	—	—	—	208,482	—	138,434	346,916
Shawville, Quebec - St. Paul's	—	—	—	1,202,073	341,557	—	1,543,630
Silver Creek, Québec - St. Thomas	—	—	—	103,002	—	—	103,002
Smiths Falls, Ontario - St. John's	782,320	—	782,320	3,296,729	201,891	—	3,498,620
South March, Ontario - St. John's	1,232,661	—	1,232,661	1,593,812	262,388	—	1,856,200
Stafford, Ontario - St. Stephen's	—	—	—	615,261	—	—	615,261
Stittsville, Ontario - St. Thomas	673,000	—	673,000	1,417,594	—	—	1,417,594
Thorne Centre, Quebec - St. George's	—	—	—	208,995	—	—	208,995
Tramore, Ontario (St. John's)	—	—	—	169,607	—	—	169,607
Vanier, Ontario - St. Margaret's	—	—	—	1,308,852	—	—	1,308,852
Vankleek Hill, Ontario - St. John's	—	—	—	649,717	—	—	649,717
Vars, Ontario - St. Andrew's	—	—	—	284,208	—	—	284,208
Vernon, Ontario - St. George's	—	—	—	418,644	—	—	418,644
Waba, Ontario - St. George's	—	—	—	122,075	—	—	122,075
Wakefield, Quebec - Good Shephard	—	—	—	425,465	—	—	425,465
Whitney, Ontario - St. Anthony's	—	—	—	399,968	—	—	399,968
Winchester, Ontario - St. Clare	1,001,456	71,423	1,072,879	1,373,952	—	—	1,373,952
Woodlawn, Ontario - St. Thomas	—	—	—	849,490	—	—	849,490
Totals	31,662,018	336,423	31,998,441	187,326,872	10,152,225	2,636,435	200,115,532
Accumulated amortization	11,645,246	-	11,645,246				
Net book value	20,016,772	336,423	20,353,195				