
Financial statements of
The Anglican Diocese of Ottawa
Extension Fund Incorporated

December 31, 2022

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Independent Auditor's Report

To the Members of
The Anglican Diocese of Ottawa Extension Fund Incorporated

Opinion

We have audited the financial statements of The Anglican Diocese of Ottawa Extension Fund Incorporated (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, 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.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
September 20, 2023

The Anglican Diocese of Ottawa Extension Fund Incorporated


Statement of financial position

As at December 31, 2022

	Notes and schedule	2022 \$	2021 \$
Assets			
Current assets			
Cash		2,434,529	2,195,336
Accrued interest		2,274	4,892
Due from St. James, Carleton Place	3 and 9	459,322	479,761
Due from the Synod	4	186,411	186,411
		3,082,536	2,866,400
Mortgages and promissory notes	A	2,445,149	2,716,807
		5,527,685	5,583,207
Liabilities			
Current liabilities			
Accrued liabilities		6,000	6,000
Loan payable to the Synod	3	459,322	479,761
Deferred contributions	5	7,500	7,500
		472,822	493,261
Net assets			
Unrestricted		5,001,385	5,036,468
Internally restricted	8	53,478	53,478
		5,054,863	5,089,946
		5,527,685	5,583,207

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

Approved by the Diocesan Council

 Member

 Member

The Anglican Diocese of Ottawa Extension Fund Incorporated

Statement of revenue and expenses

Year ended December 31, 2022

	Notes	2022 \$	2021 \$
Revenue			
Interest		103,241	111,340
Contributions		—	3,000
		103,241	114,340
Expenses			
Contributions to parishes	6	95,487	91,924
Administration fees	7	38,176	38,344
Audit / legal fees		6,000	6,616
		139,663	136,884
(Deficiency) excess of revenue over expenses		(36,422)	(22,544)

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

The Anglican Diocese of Ottawa Extension Fund Incorporated

Statement of changes in net assets

Year ended December 31, 2022

	Notes	Unrestricted \$	Internally restricted \$	2022 \$	2021 \$
Net assets, beginning of year		5,036,468	53,478	5,089,946	5,112,490
Deficiency of revenue over expenses		(36,422)	—	(36,422)	(22,544)
Transfer from the Synod's Parish Managed Capital Assets Fund	8	1,339	—	1,339	—
Net assets, end of year		5,001,385	53,478	5,054,863	5,089,946

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

The Anglican Diocese of Ottawa Extension Fund Incorporated

Statement of cash flows

Year ended December 31, 2022

	Notes and schedule	2022 \$	2021 \$
Operating activities			
Deficiency excess of revenue over expenses		(36,422)	(22,544)
Changes in non-cash operating working capital items			
Accrued interest		2,618	2,375
		(33,804)	(20,169)
Repayment from St. James, Carleton Place	3	20,439	19,672
Repayments received – mortgages and promissory notes	A	271,658	247,954
		258,293	227,288
Financing activities			
Repayment of loan payable	3	(20,439)	(19,672)
Transfer from the Synod's Parish Managed Capital Asset Fund	8	1,339	—
		(19,100)	(19,672)
Net increase in cash		239,193	227,785
Cash, beginning of year		2,195,336	1,967,551
Cash, end of year		2,434,529	2,195,336

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

The Anglican Diocese of Ottawa Extension Fund Incorporated

Notes to the financial statements

December 31, 2022

1. Nature of activities

The Anglican Diocese of Ottawa Extension Fund Incorporated (the "Extension Fund"), a not-for-profit organization, was incorporated to promote the advancement and propagation of Christianity through the promotion of the work of the Anglican Church within the Diocese of Ottawa. The Extension Fund has been used to provide loan funding to parishes.

The Extension Fund is a registered charitable organization and is exempt from income taxes.

The Extension Fund is a controlled entity of The Incorporated Synod of the Diocese of Ottawa (the "Incorporated Synod"); as such, the Incorporated Synod includes the results of the Extension Fund in its consolidated financial statements.

2. Significant accounting policies

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

Revenue recognition

The Extension Fund follows the deferral method of accounting for contributions. Unrestricted contributions to the Fund are recognized as revenue when received or when receipt is reasonably certain. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Financial instruments

Financial instruments consist of cash, receivables, mortgages and promissory notes, accrued liabilities and loan payable.

Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially recognized at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Organization in the transaction.

Subsequent measurement

All financial instruments are subsequently measured at amortized cost except for the following:

Investments in listed securities which are measured at fair value at the balance sheet date. The fair value of the securities is based on the latest closing price. Changes in fair value are reported in the statement of revenue and expenses.

The Anglican Diocese of Ottawa Extension Fund Incorporated

Notes to the financial statements

December 31, 2022

2. Significant accounting policies (continued)

Financial instruments (continued)

Transaction costs

Transaction costs related to financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method.

Impairment

With respect to financial assets measured at cost or amortized cost, the Organization recognizes an impairment loss, if any, in net earnings when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

Related party transactions

Related party transactions in the normal course of business are measured at the exchange amount.

Capital management

The Extension Fund's capital consists of net assets. The Extension Fund has no externally imposed capital requirements.

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. Estimates are used when accounting for items and matters such as the allowance for uncollectible accounts and impaired loans and receivables. Actual results could differ from these estimates.

3. Due from St. James, Carleton Place

In 2013, the Extension Fund entered into a loan agreement with the Incorporated Synod for \$1,365,725, which is due on demand. This loan was used to upgrade St. James Anglican Church, Carleton Place. As at December 31, 2022, the balance receivable from St. James, Carleton Place is \$459,322 (\$479,761 in 2021) and the balance payable to the Incorporated Synod is \$459,322 (\$479,761 in 2021).

Interest is collected from St. James, Carleton Place and remitted directly to the Incorporated Synod. As the Fund is acting as an agent to this agreement, neither the interest revenue nor the expense have been recorded in these financial statements. The loan was recorded as a non-cash transaction by the Fund.

The Anglican Diocese of Ottawa Extension Fund Incorporated

Notes to the financial statements

December 31, 2022

4. Due from the Incorporated Synod

A loan of \$186,411 (\$186,411 in 2021) due from the Incorporated Synod bears interest at 4% and is without fixed terms of repayment. Interest charged to the Incorporated Synod by the Extension Fund in 2022 totals \$7,457 (\$7,457 in 2021).

5. Deferred contributions

Deferred contributions consist of donations to be used towards the purchase or construction of a new church in Ottawa South. There were no new contributions in 2022 or 2021.

6. Contributions to parishes

In 2022, the Fund disbursed \$95,487 (\$91,924 in 2021) to the Parish of St. Margaret's, Vanier to cover the costs of First nation's ministry, as agreed at the time of the sale of All Saints Sandy Hill.

7. Related party transactions

During the year, in addition to those related party transactions and balances disclosed elsewhere in these financial statements, the Extension Fund paid administration fees of \$38,176 (\$38,344 in 2021) based on 0.75% of the prior year's net asset balance to the Incorporated Synod.

The Extension Fund earned interest of \$11,593 (\$9,585 in 2021) from the Incorporated Synod during the year, in addition to the \$7,457 of interest earned on the loan (Note 4).

8. Transfers and internally restricted net assets

In 2022, the Extension Fund received \$1,339 From the sale of 152 Church Lane Chisholm (\$nil in 2021) from the Synod's Parish Managed Capital Assets Fund related to a 10% share of proceeds from the sales.

There were no changes to the internally restricted balance of \$53,478 during 2022 or 2021. These funds are internally restricted for the purpose of funding studies on future property uses and site remediation.

9. Financial instruments

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, 2022, as noted below:

- 30% (29% in 2021) St. Helen's, Orleans;
- 24% (23% in 2021) Mayet Strategic Consulting Limited;
- 15% (14% in 2021) St. James, Carleton Place; and
- 15% (14% in 2021) St. Paul's Church, Kanata.

The Anglican Diocese of Ottawa Extension Fund Incorporated

Notes to the financial statements

December 31, 2022

9. Financial instruments (continued)

Fair value

The fair value of cash, receivables and accrued liabilities approximate their carrying value due to their short-term nature. The fair value of the Extension Fund's mortgages, promissory notes, and loans are not readily determinable at this time.

Fair values approximate amounts at which financial instruments could be exchanged between willing parties, based on current markets for instruments of the same risk, principal and remaining maturities. Fair values are based on estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates which reflect varying degrees of risk.

Interest rate and liquidity and market risks

It is management's opinion that the Fund is not exposed to significant interest rate, liquidity and market risk on its financial instruments.

The Anglican Diocese of Ottawa Extension Fund Incorporated

Supporting schedule

Year ended December 31, 2022

Schedule A

	Notes	Due date	Interest rate %	Principal balance 2021 \$	Advances 2022 \$	Principal repayments 2022 \$	Principal balance 2022 \$
Mortgages and promissory notes							
	9	June 2019	4.00	478,307	—	27,202	451,105
		December 2015	4.00	106,077	—	106,077	—
		December 2019	4.00	61,048	—	9,240	51,808
		December 2020	4.00	172,225	—	26,757	145,468
	9	December 2025	4.00	974,207	—	47,691	926,516
	9	December 2025	4.00	770,789	—	27,746	743,043
		December 2020	4.00	75,329	—	—	75,329
		June 2022	4.00	78,825	—	26,945	51,880
				2,716,807	—	271,658	2,445,149