

FINANCIAL REPORT FOR 2014

Report to the Incorporated Synod of the Diocese of Toronto from the Treasurer

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The Incorporated Synod of the Diocese of Toronto

Change in Accounting Standard

The structure of the audited financial statements for 2014 was altered as a result of adopting a new accounting standard for employee future benefits. The most significant impact is that the deferred benefit liability reflects the plan deficit and does not reflect the deferral of actuarial gains and losses previously deferred and amortized over the estimated average remaining life of the benefit group. Notes to the financial statement have been modified to provide clarity on the impact to the statements.

Statement of Revenue and Expenses

The total excess of revenue over expenses is \$5,190,855 which is significantly lower than 2013.

Revenue decreased for the following reasons:

- The surplus in the operating budget was originally \$500,000 which was caused by underspending of \$260,000 and an unusual reversal of a large legal accrual of \$240,000. A decision was made to refund parishes the allotment paid in December 2014. This accrued refund reduced the parish income by \$481,000.
- Capital appreciation on funds held in the Consolidated Trust Fund was lower by \$3.8 million as the one year rate of return on investments was 9% in 2014 compared to 18% in 2013.
- Sales and approvals for sales of former parish properties was lower in 2014 by \$1.4 million.

Expenses increased for the following reasons:

- Most expense categories were lower compared to 2013. The most significant decrease is reflected in Corporate Governance and Support Services and was the result of a legal accrual being reversed as it was determined in 2014 that there was no longer a risk of incurring fees.
- Offsetting that decrease was an overall increase in fund distributions mainly driven by Our Faith-Our Hope grants.

Statement of Financial Position

Assets

Assets increased mainly due to an increase in the investments held in the Consolidated Trust Fund. There was also an increase in cash held which was a timing issue. Other items to note:

Accounts Receivable – Parish receivables have decreased from the prior year. During the course of the year a great deal of progress was made with respect to having parishes on the overdue list agree to repayment plans.

	\$ Amount	# of Parishes
Current Balances	55,348	10
One month past due	43,336	5
Two months past due	62,916	4
Three months and greater	1,182,143	23
Total AR at Dec 31 2014	1,343,743	
Allowance for Doubtful Accounts	(335,391)	
Per Financial Statements	1,008,352	

Of the 23 churches over 90 days 18 of the 23 are on repayment plans and have been consistent in making payments. The remaining churches are in discussions on how to proceed. As a result, the allowance for doubtful accounts was decreased slightly to \$335,000 and includes parishes not yet on a plan.

Loans Receivable – Loans also decreased from 2013 as work is being done to address older balances. A total of five loans were closed during 2014.

	\$ Amount	# of Parishes
Synod Bank Loans	895,002	7
Rectory Loans	99,024	2
Church Development Loans	2,801,806	3
MAF Loans	769,976	4
Total Loans at Dec 31 2014	4,565,808	
Allowance for Doubtful Accounts	(326,531)	
Per financial Statements	4,239,277	

Properties Held for Sale – Two properties were sold in 2014 and four remained listed for sale at December 31, 2014. Subsequently one of those properties was sold in March 2015.

Liabilities

Liabilities increased from the prior year mainly due to an increase in parish investments held in the Consolidated Trust Fund and an increase in the deferred benefit liability due to a lower assumed discount rate used by the actuaries.

The Cemetery Fund of the Incorporated Synod of the Diocese of Toronto

The Cemetery Fund is comprised of funds invested on behalf of parishes with cemeteries. The investments are reviewed on a quarterly basis by the Investment Committee of the Diocese.

The net gain for the year was \$925,262 which was down only slightly from 2013. Although the overall annual return on the fund was 9.7% compared to 9.1% in 2013, there was a large redemption by one parish in 2013 that decreased the results overall.