
The Anglican Church of Canada
The Synod of The Diocese of Edmonton
Financial Statements
December 31, 2007

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Grant Thornton

Auditors' Report

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To the Executive Council of
The Anglican Church of Canada The Synod of the Diocese of Edmonton

We have audited the balance sheet of The Anglican Church of Canada The Synod of the Diocese of Edmonton ("The Synod") as at December 31, 2007 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of The Synod's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, The Synod derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification 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 donation revenues, excess of revenues over expenditures or net assets.

In our opinion, except for the effect of adjustments, if any, which might have been determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of The Synod as at December 31, 2007 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Canada
April 26, 2008

Grant Thornton LLP
Chartered Accountants

The Anglican Church of Canada
The Synod of the Diocese of Edmonton
Statement of Revenue and Expenditures
Year Ended December 31

2007 2006

	General Fund	Consolidated Trust Fund	Diocesan Development Fund	Total	Total
Revenue					
Apportionment	\$ 822,125	\$ -	\$ -	\$ 822,125	\$ 791,935
Interest on parish loans	-	-	9,316	9,316	9,064
Investment income	-	190,266	48,551	238,817	238,377
Restricted contributions:					
Grants and others (Note 3)	186,499	-	-	186,499	149,826
Unrestricted contributions:					
Parishes	1,893	-	50,950	52,843	55,301
Interest and other	28,967	-	-	28,967	91,656
	<u>1,039,484</u>	<u>190,266</u>	<u>108,817</u>	<u>1,338,567</u>	<u>1,336,159</u>
Expenditures					
Outreach Beyond the Diocese					
College of Emmanuel & St. Chad	1,800	-	-	1,800	1,660
General Synod Apportionment	181,440	-	-	181,440	151,492
General Synod expense	4,393	-	-	4,393	-
Lambeth Core and Subsidy	1,700	-	-	1,700	1,700
Bishop's Wish Fund transfer	21,032	-	-	21,032	-
Provincial Synod assessment	11,695	-	-	11,695	11,696
	<u>222,060</u>	<u>-</u>	<u>-</u>	<u>222,060</u>	<u>166,548</u>
Outreach Within the Diocese					
Theological students	6,000	-	-	6,000	5,250
Aided Ministries	134,784	-	-	134,784	145,706
Anglican Messenger	13,350	-	-	13,350	15,661
Episcopal vacancy	3,088	-	-	3,088	-
Clergy Days and conferences	34,334	-	-	34,334	25,208
Church Plant and Mission Development	15,373	-	-	15,373	-
Diocesan committees	15,606	-	-	15,606	3,076
Diocesan Development Fund transfer	50,950	-	-	50,950	48,600
Educational chaplaincy	27,921	-	-	27,921	26,371
Gift planning development	33,595	-	-	33,595	44,448
Honoria and new clergy training	1,290	-	-	1,290	2,525
Pastoral benefit support	8,605	-	-	8,605	42,845
Hospital chaplaincy	15,433	-	-	15,433	17,587
Income distribution	-	121,323	-	121,323	113,918
Native Work and ICPM	27,500	-	-	27,500	27,500
Resource centre	30	-	-	30	400
The Synod properties	15,887	-	-	15,887	11,089
Youth Ministries	34,633	-	-	34,633	45,786
	<u>438,379</u>	<u>121,323</u>	<u>-</u>	<u>559,702</u>	<u>575,970</u>
Episcopal and Support Ministries					
Advertising	5,782	-	-	5,782	5,716
Amortization	3,940	13,017	-	16,957	19,165
General office expenses	31,454	-	-	31,454	43,627
Office accommodation	18,700	-	-	18,700	18,700
Professional fees	35,918	4,000	4,000	43,918	46,362
Bishop's farewell	15,978	-	-	15,978	-
Salaries, allowances and benefits	261,259	-	-	261,259	257,131
Telephone	3,935	-	-	3,935	3,916
Travel and other	20,126	-	-	20,126	20,415
	<u>397,092</u>	<u>17,017</u>	<u>4,000</u>	<u>418,109</u>	<u>415,032</u>
	<u>1,057,531</u>	<u>138,340</u>	<u>4,000</u>	<u>1,199,871</u>	<u>1,157,550</u>
Excess of revenues over expenditures before other item	(18,047)	51,926	104,817	138,696	178,609
Other Item					
Net gain on sale of investments	167,018	-	-	167,018	67,340
Excess of revenues over expenditures	<u>\$ 148,971</u>	<u>\$ 51,926</u>	<u>\$ 104,817</u>	<u>\$ 305,714</u>	<u>\$ 245,949</u>

See accompanying notes to the financial statements

The Anglican Church of Canada
The Synod of the Diocese of Edmonton
Statement of Changes in Net Assets
Year Ended December 31

	2007			2006	
	Unrestricted	Internally restricted (Note 13)	Investment in properties and capital assets	Total	Total
Balance, beginning of year	\$ 8,553	\$ 4,998,182	\$ 2,182,753	\$ 7,189,488	\$ 6,532,590
Excess of revenues over expenditures	148,971	156,743	-	305,714	245,949
Interfund transfers	(20,000)	20,000	-	-	-
Purchase of capital assets	(1,662)	-	1,662	-	-
Amortization of capital assets	3,938	-	(3,938)	-	-
Repayment of long term debt and payables	(5,411)	-	5,411	-	-
Repayment of Good Shepherd support	-	-	4,808	4,808	(834)
Net (withdrawals) contributions of funds held in trust (Note 9)	-	(241,928)	-	(241,928)	155,257
Contribution to St. Mary Abbot, Barr head	-	-	-	-	10,000
Contributions for construction of Prayer works Hall	-	-	6,823	6,823	246,526
Contributions to St. Patrick's	-	-	35,000	35,000	-
Balance, end of year	<u>\$ 134,389</u>	<u>\$ 4,932,997</u>	<u>\$ 2,232,519</u>	<u>\$ 7,299,905</u>	<u>\$ 7,189,488</u>

See accompanying notes to the financial statements

The Anglican Church of Canada
The Synod of the Diocese of Edmonton
Balance Sheet
December 31

	2007	2006
Assets		
Current		
Cash and cash equivalents	\$ 554,018	\$ 588,671
Accounts receivable and prepaid expenses	31,984	42,513
Accrued interest receivable	54,038	59,424
Receivables from parishes	33,142	52,888
Current portion of loans receivable from parishes	30,988	31,488
	<u>704,170</u>	<u>774,984</u>
Capital assets (Note 4)	9,188	11,465
Loans receivable from parishes (Note 5)	336,144	237,652
Investment in properties (Note 6)	2,287,354	2,240,723
Investments in securities	4,177,095	4,159,724
	<u>\$ 7,513,951</u>	<u>\$ 7,424,548</u>
Liabilities		
Current		
Accounts payable	\$ 63,151	\$ 76,507
Current portion of long term debt	5,688	10,891
	<u>68,839</u>	<u>87,398</u>
Long term debt (Note 7)	58,335	64,024
Due to Anglican Episcopal Foundation (Note 8)	86,872	83,638
	<u>214,046</u>	<u>235,060</u>
Net Assets		
Investment in properties and capital assets	2,232,519	2,182,753
Unrestricted	134,389	8,553
Internally restricted (Note 13)	4,932,997	4,998,182
	<u>7,299,905</u>	<u>7,189,488</u>
	<u>\$ 7,513,951</u>	<u>\$ 7,424,548</u>
Contingent liabilities (Note 11)		

See accompanying notes to the financial statements

Approved By Executive Council

The Anglican Church of Canada
The Synod of the Diocese of Edmonton
Statement of Cash Flows
Year Ended December 31

2007

2006

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenditures	\$ 305,713	\$ 245,949
Add items not affecting cash:		
Amortization of capital assets	3,940	4,913
Amortization of bond premium	14,181	-
Gain on sale of investments	(209,118)	(67,340)
	114,716	183,522
Change in non-cash operating working capital:		
Accounts receivable and prepaid expenses	10,529	8,377
Accrued interest receivable	5,386	(11,697)
Receivables from parishes	19,746	16,497
Accounts payable	(13,072)	(57,750)
	137,305	138,949

Financing

Advances from Anglican Episcopal Foundation	3,234	3,222
Advances from parishes	52,335	112,952
Advances to parishes	(150,328)	(60,000)
Net capitalization of parish support	4,808	834
Repayment of long term debt	(10,892)	(18,065)
Capital contributions - PrayerWorks Hall	41,538	110,742
Net (withdrawal) contribution of funds held in trust (Note 9)	(241,928)	155,257
	(301,233)	304,942

Investing

Proceeds from long term investments	515,000	8,474,683
Purchase of long term investments	(546,550)	(8,689,640)
Proceeds from sale of investments	209,118	-
Purchase of capital assets and investments in properties	(48,293)	(624,751)
	129,275	(839,708)

Net decrease in cash and cash equivalents

(34,653) (395,817)

Cash and cash equivalents

Beginning of year	588,671	984,488
End of year	\$ 554,018	\$ 588,671

Supplemental cash flow information (Note 10)

See accompanying notes to the financial statements

The Anglican Church of Canada
The Synod of the Diocese of Edmonton
Notes to the Financial Statements
December 31, 2007

1. Purpose of the organization

The Anglican Church of Canada Synod of the Diocese of Edmonton ("The Synod of the Diocese of Edmonton") is a religious organization which consists of the Bishop of the Diocese of Edmonton, the clergy of the Diocese licensed by the Bishop, the Chancellor, the Registrar and representatives of laity duly elected. The Synod of the Diocese of Edmonton was incorporated under a private act of incorporation (Statutes of Alberta, 1914, Chapter 48) as a corporation and is a registered charity under the Income Tax Act.

2. Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include balances with banks net of outstanding cheques and highly liquid investments with original maturities of 3 months or less at the time of purchase.

Revenue recognition

The Synod of the Diocese of Edmonton follows the deferral method of accounting. Restricted contributions are recognized as revenue in the period in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Net assets

The Unrestricted Fund includes the general revenues and expenditures of The Synod of the Diocese of Edmonton, and contributions which are not subject to trust arrangements.

The Internally Restricted Fund is made up of the Consolidated Trust Fund, the Diocesan Development Fund and a general internally restricted fund. The Consolidated Trust Fund includes contributions which are subject to specific trust terms. Disbursements of funds from these trusts is done under the terms of the wills or other devices which created the trust funds, or at the discretion of the Executive Council of The Synod of the Diocese of Edmonton. The Consolidated Trust Fund also includes funds received from the sale of parish properties, which are held in the trust by The Synod of the Diocese of Edmonton for the parish. Disbursement of funds from these trusts is restricted to investments in parish properties and is subject to the discretion of the Administration and Finance Committee of The Synod of the Diocese of Edmonton. Funds held in trust for disestablished parishes are transferred to the Unrestricted Fund. Income earned by the Consolidated Trust Fund is allocated to each trust in proportion that the assets of the trust bear to the total of the Consolidated Trust Fund.

The Invested in Properties and Capital Assets Fund includes investments in properties and capital assets less any related debt.

Use of estimates

In preparing the Diocese's financial statements in conformity with Canadian generally accepted accounting principles, 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 expenditures during the period. Actual results could differ from those estimates.

Investments in securities

Investments are recorded at market value. Changes in the quoted market value are recognized in the statement of operations. Interest and dividends on marketable securities are recorded as revenue when earned.

Bond premium and discounts are amortized straight line over the maturity term of the investments. However, some of these investment maturity dates are in 2008 and The Synod of the Diocese of Edmonton intention is to reinvest for long term investments.

Investment in properties

The Synod of the Diocese of Edmonton of the Diocese of Edmonton holds title to most properties on which Anglican parish buildings have been erected or purchased within the Diocese in trust for the parishes, and all vacant properties.

Properties which have been acquired by bequest or gift are recorded at fair value at the date of contribution. When fair value cannot be reasonably determined, the property is recorded at nominal value.

The Anglican Church of Canada
The Synod of the Diocese of Edmonton
Notes to the Financial Statements
December 31, 2007

2. Significant accounting policies (continued)

Investment in properties (continued)

From time to time The Synod of the Diocese of Edmonton assists parishes to acquire land and buildings. The receipt of restricted contributions and related costs for the purchase of these properties are recorded as a direct increase to the investment in net assets once the funds are spent. These expenditures are recorded as investments in property which reflect only a portion of the cost.

Investments in property are not amortized and are written down to market value if it is determined that the value has incurred a decline other than temporary.

Capital assets

Capital asset purchases are recorded at cost. The cost less estimated salvage value of capital assets is amortized by the declining balance method at an annual rate of 30% over the estimated useful lives of the assets.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment when events or circumstances indicate that their carrying value exceeds the sum of the undiscounted cash flows expected from their use and eventual disposal. An impairment loss is measured as the amount by which the long-lived assets' carrying value exceeds the fair value. Accordingly, the Diocese reviews long-lived assets for impairment annually.

Future accounting changes - Capital Disclosure

In November 2006, the CICA Handbook Section, Capital Disclosures was issued. This standard requires the disclosure of both qualitative and quantitative information that enables financial statement users to evaluate the objectives, policies, and processes for managing capital. This new standard will be implemented by The Synod of the Diocese of Edmonton effective January 1, 2008. The Synod of the Diocese of Edmonton feels this will only result in enhanced disclosure.

Future accounting changes - Financial Instruments

During fiscal 2007, CICA Handbook Section 3862, Financial Instruments – Disclosures, and CICA Handbook Section 3863, Financial Instruments – Presentation were issued, and which will replace CICA Handbook Section 3861 Financial Instruments – Presentation and Disclosure. The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how these risks are managed. The new presentation standard carries forward the former presentation requirements. The Synod of the Diocese of Edmonton is currently assessing the impact these new standards will have on its financial statements.

3. Grants and others	2007	2006
New England Company (for St. Faiths)	\$ 12,500	\$ 12,500
Anglican Church of Canada (for Gift Planning)	34,934	41,468
The Synod fees and Diocesan programs	4,850	3,433
Clergy conference and retreat fees	18,235	16,500
Messenger grant and advertising	11,586	4,560
Diocesan Development Fund allocation	50,950	48,600
Bishop's Wish Fund	21,032	0
Donations from parishes	16,639	9,745
Others	15,773	13,020
Outreach Within the Diocese	\$ 186,499	\$ 149,826

The expenditures related to these restricted contributions have been incurred in the fiscal year.

4.	Capital assets			2007	2006
		<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	Computers and furniture	\$ 53,217	\$ 44,029	\$ 9,188	\$ 11,465

The Anglican Church of Canada
The Synod of the Diocese of Edmonton
Notes to the Financial Statements
December 31, 2007

5. Loans receivable from parishes	2007	2006
Loans to parishes, at 3%, due in monthly instalments between \$69 and \$1,527 including principal and interest, maturing between 2008 and 2027.	\$ 367,132	\$ 269,140
Less: current portion	<u>30,988</u>	<u>31,488</u>
	\$ 336,144	\$ 237,652

The loans receivable from parishes are unsecured.

6. Investment in properties	2007	2006
All Saints, Drayton Valley - land	\$ 25,000	\$ 25,000
St. Mary Abbot, Barrhead - building	10,000	10,000
Good Shepherd, Edmonton - land and buildings	474,365	469,557
Holy Trinity Riverbend, Edmonton - land	70,000	70,000
St. Andrew, Morinville - building	24,801	24,801
St. Columba, Beaumont - land	18,806	18,806
St. Faith, Edmonton - building	18,838	18,838
St. Faith, Edmonton - PrayerWorks Hall	1,176,025	1,169,202
St. James, Bonnyville - land	27,345	27,345
St. John, Cold Lake - land	922	922
St. John, St. Paul - land	17,294	17,294
St. Margaret, Edmonton - land	55,000	55,000
St. Michael and All Angels, Edmonton - land	207,500	207,500
St. Patrick, Edmonton - building	123,203	88,203
St. Patrick, Whitecourt - land and building	<u>38,255</u>	<u>38,255</u>
	\$ 2,287,354	\$ 2,240,723

The Synod of the Diocese of Edmonton also holds title in Trust for parishes in the Diocese. The insured value of these properties amounts to \$72,064,119.

7. Long term debt	2007	2006
Bank of Montreal, principal payments of \$1,111 per month, plus interest at prime matured April 2007.	-	5,481
The Anglican Foundations of Canada, at 5%, due in monthly instalments including principal and interest of \$730, maturing October 15, 2016.	<u>64,023</u>	<u>69,434</u>
	64,023	74,915
Less: current portion	<u>5,688</u>	<u>10,891</u>
	\$ 58,335	\$ 64,024

The Anglican Foundation of Canada loan is secured by the St. Faith, Edmonton - PrayerWorks Hall (carrying value \$1,176,025).

The Anglican Church of Canada
The Synod of the Diocese of Edmonton
Notes to the Financial Statements
December 31, 2007

7. Long term debt (cont'd)

Principal payments required on the long term debt over the next five years and thereafter are as follows:

2008	\$ 5,688
2009	5,979
2010	6,285
2011	6,606
2012	6,944
Thereafter	32,521
	<u>\$ 64,023</u>

8. Due to Anglican Episcopal Foundation

The balance owing by the Consolidated Trust Fund to the Anglican Episcopal Foundation bears interest at the rate of interest earned by the Trust and is the same as that paid to the other participants in the Trust.

9. Consolidated Trust Fund income and fund balances

				<u>2007</u>	<u>2006</u>
	General budget trusts	Parish trusts	Other trusts	Total	Total
Opening balance	\$ 6,266	\$ 2,012,953	\$ 1,101,657	\$ 3,120,876	\$ 2,902,496
Net (withdrawals) contribution of funds held in trust	-	(246,922)	4,994	(241,928)	155,257
Interfund transfers	-	-	-	-	(1,147)
Allocation of revenue	242	70,773	42,687	113,702	116,072
Income disbursements	-	(46,798)	(14,978)	(61,776)	(51,802)
	<u>\$ 6,508</u>	<u>\$ 1,790,006</u>	<u>\$ 1,134,360</u>	<u>\$ 2,930,874</u>	<u>\$ 3,120,876</u>

10. Supplemental cash flow information

Cash and cash equivalents consist of:	<u>2007</u>	<u>2006</u>
Cash on hand and balances with banks	\$ 271,611	\$ 473,473
Short term investments	282,408	115,198
	<u>\$ 554,019</u>	<u>\$ 588,671</u>
Interest paid	<u>\$ 3,524</u>	<u>\$ 2,157</u>

The Anglican Church of Canada
The Synod of the Diocese of Edmonton
Notes to the Financial Statements
December 31, 2007

11. Contingent liabilities

The Synod of the Diocese of Edmonton has guaranteed reported parish loans with respect to specific properties:

2007		2006	
# of loans	Cumulative Total	# of loans	Cumulative Total
12	\$ 1,073,000	14	\$ 1,162,166

The Synod of the Diocese of Edmonton has guaranteed reported parish loans and is responsible for repayment of those loans should a parish be deemed to be non-performing.

Under the terms of an agreement with the City of Edmonton relating to the construction of the PrayerWorks Hall, specifically site servicing and landscaping requirements, The Synod of the Diocese of Edmonton has provided the city with a letter of credit of \$10,000.

In the event The Synod of the Diocese of Edmonton defaults in meeting its financial commitment regarding the finalization of the related landscaping requirements for Synod, the city may draw on the related letter of credit in order to secure payment for the commitment. The Synod of the Diocese of Edmonton would become liable for the debt to the Chartered Bank.

12. Financial instruments

Effective January 1, 2007, The Synod of the Diocese of Edmonton has adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) standards regarding when financial instruments should be recognized, how they should be measured, how they should be classified on the financial statements and the related disclosure requirements.

Under the new standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics and The Synod of the Diocese of Edmonton's designation of such instruments.

Financial instruments classified as held-for-trading will be measured at fair value with changes in fair value recognized in net earnings. Financial instruments classified as other financial liabilities will be measured at amortized cost. Financial assets held as loans and receivables will be measured at amortized cost.

The valuation basis as at December 31, 2006 is historical cost as generally accepted accounting principles (CICA Hand Book Section 3855) preclude restatement of prior years when adopting the financial instruments standards.

As at December 31, 2007 The Synod of the Diocese of Edmonton had the following instruments:

Financial assets	Classification	Measurement
Cash and cash equivalents	Held-for-trading	Fair Value
Accounts receivables and prepaids	Loan and receivables	Amortized cost
Receivables from related parties	Loan and receivables	Amortized cost
Investments in securities	Held-for-trading	Fair Value
Financial liabilities		
Accounts payable	Other financial liabilities	Amortized cost
Long term debt	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

The application of these standards did not have an effect on The Synod of the Diocese of Edmonton's financial statements. These standards have been applied without restatement of prior periods. As of December 31, 2007 and for the year then ended, The Synod of the Diocese of Edmonton had no adjustments to net assets.

Interest rate risk

The financial risk is the risk to The Synod of the Diocese of Edmonton's earnings that arises from fluctuations in interest rates on investments. It is management's opinion that The Synod of the Diocese of Edmonton is not exposed to significant interest rate risk on its investments.

The Anglican Church of Canada
Synod of the Diocese of Edmonton
Notes to the Financial Statements
December 31, 2007

13. Net assets internally restricted

The Diocese's internally restricted net assets are made up of the following funds.

	<u>2007</u>	<u>2006</u>
Consolidated Trust Fund	\$ 2,930,873	\$ 3,120,875
Diocesan Development Fund	1,658,113	1,553,296
Internally restricted	<u>344,011</u>	<u>324,011</u>
	<u>\$ 4,932,997</u>	<u>\$ 4,998,182</u>