

**Continuing Education Plan of the
Anglican Church of Canada
Financial Statements
For the year ended December 31, 2012**

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Independent Auditor's Report

To the Board of Trustees of Continuing Education Plan of the Anglican Church of Canada

We have audited the accompanying financial statements of Continuing Education Plan of the Anglican Church of Canada which comprise the balance sheet as at December 31, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Basis for Qualified Opinion

The scope of our audit did not extend to an examination of the payroll records of the contributing employers. Our verification of contribution revenue was limited to the amounts recorded in the records of the Plan and we were not able to determine whether any adjustments might be necessary to contribution revenue, excess (deficiency) of revenue over expenditures, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Continuing Education Plan of the Anglican Church of Canada as at December 31, 2012 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.

Other Matter

The comparative information contained in the financial statements was neither audited nor reviewed.

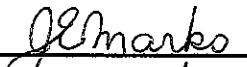
Chartered Accountants, Licensed Public Accountants

Markham, Ontario
May 3, 2013

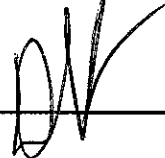
**Continuing Education Plan of the Anglican Church of Canada
Balance Sheet**

December 31	2012	(Unaudited) 2011
Assets		
Cash	\$ 153,405	\$ 88,759
Accounts receivable	16,279	-
Contributions receivable	29,959	36,953
Prepaid expenses	6,000	52,539
Due from related parties (Note 3)	7,469	-
Investments (Note 4)	<u>3,688,053</u>	<u>3,441,728</u>
	<u>\$ 3,901,165</u>	<u>3,619,979</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 28,609	\$ 25,562
Due to related parties (Note 3)	-	936
	<u>28,609</u>	<u>26,498</u>
Net Assets		
Internally restricted (Note 6)	2,874,690	2,832,343
Unrestricted	<u>997,866</u>	<u>761,138</u>
	<u>3,872,556</u>	<u>3,593,481</u>
	<u>\$ 3,901,165</u>	<u>\$ 3,619,979</u>

On behalf of the Board of Trustees:



Chairperson



Trustee

Continuing Education Plan of the Anglican Church of Canada Statement of Operations

For the year ended December 31	2012	(Unaudited) 2011
Revenue		
Employer contributions	\$ 672,858	\$ 686,416
Investment income (loss) (Note 5)	460,950	(151,880)
	1,133,808	534,536
Expenditures		
Benefits paid to employees	514,477	510,763
Administrative expenses (Note 7)	241,206	252,860
Sabbatical grants	48,537	62,855
Group training grants	50,513	60,028
Re-training grants	-	4,000
	854,733	890,506
Excess (deficiency) of revenue over expenditures	279,075	(355,970)
Net assets, beginning of year	3,593,481	3,949,451
Net assets, end of year	\$ 3,872,556	\$ 3,593,481

Continuing Education Plan of the Anglican Church of Canada
Statement of Changes in Net Assets

For the year ended December 31	2012		(Unaudited) 2011		
	Internally Restricted				Total
	Group Training Fund	Employee Accounts Fund	Unrestricted	Total	Total
Net assets available for benefits, beginning of the year	\$ 81,803	\$ 2,750,540	\$ 761,138	\$ 3,593,481	\$ 3,949,451
Excess (deficiency) of revenue over expenditures	-	-	279,075	279,075	(355,970)
Internally imposed restrictions (Note 6)	(4,588)	46,935	(42,347)	-	-
Net assets available for benefits, end of year	\$ 77,215	\$ 2,797,475	\$ 997,866	\$ 3,872,556	\$ 3,593,481

Continuing Education Plan of the Anglican Church of Canada
Statement of Cash Flows

For the year ended December 31	2012	(Unaudited) 2011
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ 279,075	\$ (355,970)
Adjustments to reconcile excess of revenue over expenditures to net cash provided by (used in) operating activities		
Changes in non-cash working capital balance		
Accounts receivable	(16,279)	4,819
Contributions receivable	6,994	-
Prepaid expense	46,539	(50,364)
Accounts payable and accrued liabilities	3,047	7,263
	319,376	(394,252)
Investing activities		
Disposal (purchase) of investments	(246,325)	405,396
Due to/from related parties	(8,405)	(78)
	(254,730)	405,318
Net increase in cash	64,646	11,066
Cash, beginning of year	88,759	77,693
Cash, end of year	\$ 153,405	\$ 88,759

Continuing Education Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies

- a. **Purpose of Organization** The Continuing Education Plan of the Anglican Church of Canada provides for the continuing education of the Church's clergy and lay workers in order to improve their work-related skills and abilities. The rules adopted by the Church have established the basic provision of the Plan as reflected in Canon XII and the related regulations. Effective January 1, 2012, the Plan was registered as a charitable organization.
- b. **Basis of Presentation** These financial statements are prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").
- c. **Funding Policy** The Plan is an employer sponsored plan where the employers are required to contribute \$450 per eligible employee per year.
- d. **Financial Instruments** Financial instruments are recorded at fair value when acquired or issued. All investments in pooled funds have been designed to be in the fair value category, with gains and losses reported in operations in the period in which they arise. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.
- e. **Revenue Recognition** Contributions of the Plan are recorded in the financial statements up to and including the December month to the extent that these contributions are reported by the date of the auditor's report. Contributions reported after this date are included in the next fiscal period.
- Interest income is recognized on a time proportion basis. The purchase and sale of securities are recorded on a settlement date basis. Realized gains and losses from security transactions are based on the average cost of the security.

Continuing Education Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2012

1. Summary of Significant Accounting Policies (continued)

- f. **Use of Estimates** The preparation of financial statements in accordance with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
- g. **Income Tax Status** The Plan is registered as a charitable organization for income tax purposes and is exempt from income tax under section 149(1)(l) of the Income Tax Act.
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2. Description of the Plan

The following description of the Continuing Education Plan of the Anglican Church of Canada (the "Plan") is a summary only. For more complete information, reference should be made to the Plan Regulations.

General

The Continuing Education Plan of the Anglican Church of Canada was established to collect contributions from participating employers within the Church to provide for continuing education of the Church's clergy and lay workers in order to improve their work-related skills and abilities.

The Plan is administered under Canon XII of the General Synod of the Anglican Church of Canada which outlines terms of membership, contribution rates and benefit credits and payments.

Continuing Education Plan Benefits

Employers contribute \$450 per year for each eligible employee. 75% of eligible employee expenses are reimbursed from contributions accumulated for the employee. A bonus may be added from the Plan. In 2012, the bonus was 5% of eligible expenses. The bonus was eliminated effective January 1, 2013. When an employee terminates from the Plan, their account is left open for a period of time in case they re-join the Plan, at which time it is activated. In 2012, this period was 2 years. Effective January 1, 2013, the period has been reduced to 6 months.

The Plan also pays for group training through grants to employers. These grants are approved each year for all participating employers. The employers have 5 years to use the grants on qualifying expenses or they expire.

Additional grants are made for sabbatical leave and retraining for employees that have more than 5 years participation in the Plan, subject to approval.

Continuing Education Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2012

3. Related Party Transactions

The Pension Office Corporation of the Anglican Church of Canada incurs administrative expenses on behalf of a number of employee benefits plan that are allocated to each of these plans. An amount of \$169,390 plus HST (2011 - \$170,811 plus HST) has been allocated to the Plan and is included in administrative expenses, at its exchange value (the amount of consideration established and agreed to by the related parties).

The following amount is due from related parties at year end:

	2012	(Unaudited) 2011
Pension Office Corporation of the Anglican Church of Canada	\$ 7,469	\$ -

The following amounts are due to related parties at year end:

	2012	(Unaudited) 2011
General Synod Pension Plan of the Anglican Church of Canada	\$ -	\$ 625
Pension Office Corporation of the Anglican Church of Canada	-	311
	\$ -	\$ 936

4. Investments

	2012		(Unaudited) 2011	
	Cost	Market Value	Cost	Market Value
Letko Brosseau Balanced Fund	\$ 2,796,343	\$ 2,802,409	\$ 3,178,326	\$ 2,693,938
Letko Brosseau Equity Fund	881,267	885,644	1,007,328	747,790
	\$ 3,677,610	\$ 3,688,053	\$ 4,185,654	\$ 3,441,728

Continuing Education Plan of the Anglican Church of Canada
Notes to Financial Statements

December 31, 2012

5. Investment Income (Loss)

	2012	(Unaudited) 2011
Pooled fund distributions	\$ 116,748	\$ 113,043
Realized loss on sale of investments	(410,702)	(9,262)
Unrealized gain (loss) on investments	754,369	(255,783)
Interest income	535	122
	\$ 460,950	\$ (151,880)

6. Internally Restricted Funds

Internally restricted funds include two separate funds. The group training fund consists of the accumulated approved grants for group training. The employee accounts fund is comprised of accumulated contributions made by member employers on account of employees, which have not yet been used to fund eligible expenses.

The balance in these funds as at year end is as follows:

	2012		(Unaudited) 2011	
	Group Training Fund	Employee Accounts Fund	Total	Total
Balance, beginning of the year	\$ 81,803	\$ 2,750,540	\$ 2,832,343	\$ 2,803,696
Contributions	-	672,858	672,858	686,415
Transfers from unrestricted	49,700	-	49,700	50,515
	49,700	672,858	722,558	736,930
Benefits paid to employees	-	(483,565)	(483,565)	(479,808)
Group training grants	(50,513)	-	(50,513)	(60,028)
Transfers to unrestricted	(3,775)	(142,358)	(146,133)	(168,447)
	(54,288)	(625,923)	(680,211)	(708,283)
Excess (deficiency) of revenue over expenditures	(4,588)	46,935	42,347	28,647
Balance, ending of the year	\$ 77,215	\$ 2,797,475	\$ 2,874,690	\$ 2,832,343

Continuing Education Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2012

7. Administrative Expenses

	2012	(Unaudited) 2011
Administrative fees (Note 3)	\$ 191,411	\$ 192,976
Audit fees	14,690	-
CEP Administrative Unit	2,027	2,601
Insurance	3,205	3,201
Investment management fees	14,091	13,394
Legal fees	2,403	11,065
Website management	29,658	29,623
HST rebates	(16,279)	-
	\$ 241,206	\$ 252,860

8. Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Plan's financial instruments that are exposed to concentrations of credit risk relate primarily to cash and investments. The Plan manages its exposure to this risk by maintaining its cash with a major Schedule 1 bank and investments with a registered investment council.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Plan is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments within the pooled funds.

Liquidity Risk

Liquidity risk is the risk that the Plan encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities. The Plan continues to focus on maintaining adequate liquidity to meet operating working capital requirements and capital expenditures.