

Self-Insured Death Benefit Plan of
the Anglican Church of Canada
Financial Statements
For the year ended December 31, 2025

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Independent Auditor's Report

To the Board of Trustees of the Self-Insured Death Benefit Plan
of the Anglican Church of Canada

Qualified Opinion

We have audited the financial statements of the Self-Insured Death Benefit Plan of the Anglican Church of Canada (the "Plan"), which comprise the statement of financial position as at December 31, 2025, and the statement of changes in net assets available for benefits for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2025, and its changes in net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Qualified Opinion

As agreed to by the Trustees of the Plan and in common with many benefit fund audits, the scope of our audit was limited to the records of the Plan and therefore, did not extend to an examination of the payroll records of the contributing employers. Accordingly, 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 and increase in net assets for the year ended December 31, 2025 and 2024, assets as at December 31, 2025 and 2024 and net assets available for benefits as at January 1 and December 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Plan 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 of our qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, 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 Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (Continued)

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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Plan'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 Plan'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 Plan 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 23, 2026

Self-Insured Death Benefit Plan of the Anglican Church of Canada

Statement of Financial Position

December 31	2025	2024
Assets		
Cash	\$ 83,517	\$ 52,280
Contributions receivable	2,213	5,252
Other receivables	-	9,668
Due from related parties (Note 4)	13,124	2,932
Investments (Note 3)	5,725,530	5,279,478
	<u>5,824,384</u>	<u>5,349,610</u>
Liabilities		
Accounts payable and accrued liabilities	45,205	28,070
Premium taxes payable	27,985	-
Due to related party (Note 4)	4,104	-
	<u>77,294</u>	<u>28,070</u>
Net assets available for benefits	\$ 5,747,090	\$ 5,321,540

On behalf of the Board:

Signed by:

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Chairperson

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Trustee

Self-Insured Death Benefit Plan of the Anglican Church of Canada

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31	2025	2024
Increase in net assets		
Contributions	\$ 199,004	\$ 201,702
Investment income (Note 6)	648,755	729,624
	847,759	931,326
Decrease in net assets		
Benefit costs		
Claims	219,184	235,712
Expenses		
Administrative expenses (Note 4)	67,954	66,068
Audit and tax fees	44,295	17,048
Bank charges	717	342
Consulting costs	29,375	16,332
Investment management fees	20,433	20,739
Legal fees	5,554	15
Other	3,485	-
Premium taxes	27,985	-
Trustee insurance	3,227	3,280
Total expenses	203,025	123,824
	422,209	359,536
Increase in net assets	425,550	571,790
Net assets available for benefits, beginning of year	5,321,540	4,749,750
Net assets available for benefits, end of year	\$ 5,747,090	\$ 5,321,540

The accompanying notes are an integral part of these financial statements.

Self-Insured Death Benefit Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies

Nature and Purpose of the Organization

The General Synod of the Anglican Church of Canada provides death benefits for clergy and lay employees of participating employers under the Self-Insured Death Benefit Plan of the Anglican Church of Canada (the "Plan"), which was established January 1, 1998 (January 1, 2006 for Diocese of Montreal). All diocesan employers in the General Synod Pension Plan of the Anglican Church of Canada are required to participate in the Plan.

Basis of Presentation

These financial statements are prepared using Canadian accounting standards for pension plans. For accounting policies that do not relate to the Plan's investment portfolio, the Plan has elected to apply Canadian accounting standards for private enterprises.

Funding Policy

The plan is an employer sponsored plan where the employers are required to contribute fixed monthly premiums per eligible employee.

Investments and Investment Income

All investment transactions are recorded when the risks and rewards of ownership are transferred. Investment transactions are recorded on a trade date basis. Investments are stated at their fair values. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where ascertainable, fair values of the underlying assets are based on public market prices or independent quotations. Where public market prices or quotations are not ascertainable, fair values are derived from use of inputs observed from markets, using methods such as discounted cash flows, earnings multiples, appraisals, prevailing market rates for instruments with similar characteristics and other pricing models, as appropriate.

Pooled funds

Pooled funds are managed investments that pool assets in a diversified portfolio. The Fund holds pooled fund investments in publicly traded equities and fixed income investments.

Pooled funds are valued at the unit net asset values supplied by the pooled fund administrator, which represents the Plan's proportionate share of underlying net assets. The unit net asset value is determined based on the fair value of the underlying assets and liabilities of the pooled fund.

The Plan's fair value holding in pooled funds is calculated as the unit net asset value of the pooled fund, multiplied by the number of units held by the Fund.

Investment income is the increase or decrease in the fair value of the pooled funds reflective of the fair value of the underlying investments held by the pooled funds. Dividends and interest are reinvested within the pooled funds. Distributions from pooled funds are recorded when declared by the pooled fund managers.

The realized gain or losses on sale of investments sold during in the year are determined by the excess of proceeds over average cost of investments sold and, accordingly, includes the applicable share of the excess of fair value over cost of investments at the beginning of the year.

Self-Insured Death Benefit Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2025

1. Significant Accounting Policies (Continued)

Investments and Investment Income (Continued)

Pooled funds (continued)

The current period change in fair value of investments represents the unrealized appreciation or depreciation of the fair value of investments held at year end less the related unrealized appreciation or depreciation at the previous year end.

Financial Instruments

Financial instruments, excluding investments, are recorded at fair value when acquired or issued and subsequently measured 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 charged to the financial instrument for those measured at amortized cost.

Revenue Recognition

Contributions of the Plan are accrued in the year of assessment. Contributions are based on amounts reported by employers for the periods up to and including December, to the extent that these contributions are reported by the report date. Contributions reported after this date are included in the next fiscal period.

Interest income is recognized on a time proportionate basis, using the effective interest method. This method ensures that interest income is recognized in accordance with the passage of time and the applicable interest rate, reflecting the economic benefits earned during the reporting period.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans 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 changes in net assets available for benefits during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Income Tax Status

The Plan is an Employee Life and Health Trust pursuant to the provisions of the Income Tax Act. Accordingly, the net investment income earned by the Plan is subject to income tax to the extent investment income exceeds allowable expenses. In the year, there were sufficient deductions to result in no taxable income.

2. Description of Plan

The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan documents.

General

The Plan has been set up as an employer paid plan to provide a benefit to active and retired members, and their spouses, upon the death of the member. Employers contribute \$147.60 per year (2024 - \$147.60) for each eligible employee with the amount of premiums determined by actuaries based on the Plan experience.

Self-Insured Death Benefit Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2025

2. Description of Plan (Continued)

Self-Insured Death Benefits

The Plan provides a benefit of \$10,000 on the death of an active member, \$4,000 on the death of a retired member and \$1,500 on the death of a retired member's spouse to their beneficiary or their estate. Benefits are distributed to the employer for payment to the member's beneficiary or their estate. For full details related to eligibility and coverage, please refer to the Plan documents.

3. Investments

Investments consist of units in the following funds, which are recorded at market value:

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
PH&N Balanced Pension Trust Fund	\$ 6,096,553	\$ 5,725,530	\$ -	\$ -
PH&N Long Core Plus Bond Fund	-	-	2,030,624	1,812,519
RBC QUBE Low Volatility Global Equity Fund	-	-	858,243	1,068,308
RBC Global Equity Focus Fund	-	-	779,536	1,065,376
RBC QUBE Low Volatility Canadian Equity Fund	-	-	520,245	664,392
PH&N Canadian Equity Value Fund	-	-	424,593	668,883
	\$ 6,096,553	\$ 5,725,530	\$ 4,613,241	\$ 5,279,478

4. Related Party Transactions

The Pension Office Corporation of the Anglican Church of Canada (the "Corporation") administers the Plan. Under the terms of a Cost Sharing and Agency Agreement with the various plans of the Anglican Church of Canada, the Corporation pays the shared expenses of the Plans and is reimbursed. In the current year, an amount of \$67,954 has been allocated to the Plan (2024 - \$66,068) and is included in administrative expenses, at its exchange value (the amount of consideration established and agreed to by the parties).

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

	2025		2024	
Employee Benefits Fund of the Anglican Church of Canada	\$ 77	\$ -		
Pension Office Corporation of the Anglican Church of Canada	13,047		2,932	
	\$ 13,124	\$ 2,932		

Self-Insured Death Benefit Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2025

4. Related Party Transactions (Continued)

The following amount is due to a related party at year end:

	2025	2024
General Synod Pension Plan of the Anglican Church of Canada	\$ 4,104	\$ -

The amounts are unsecured, non-interest bearing and due on demand. The Plan has a common Board of Directors/Trustees with these related plans.

5. Actuarial Present Value of Possible Expected Future Claims

The estimated actuarial present value of expected future claims, as prepared by Eckler Ltd. at June 30, 2025 is \$5,271,000 (June 30, 2024 - \$5,020,300), with corresponding assets with a market value of \$5,525,200 (June 30, 2024 - \$4,926,500). The amounts have not been estimated to the year end date of December 31, 2025.

6. Investment Income

	2025	2024
Pooled funds distributions	\$ 566,742	\$ 334,848
Realized gain on sale of investments	1,116,570	71,813
Current period change in fair value of investments	(1,037,260)	319,124
Interest income	2,703	3,839
	\$ 648,755	\$ 729,624

7. Financial Risk Management

The Plan may be exposed to a variety of financial risks including credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). These risks have not changed from the prior year.

(a) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation that is entered into with the Plan. 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 maintaining its investments in a prudently managed diversified balanced pooled fund. The Plan also has credit risk to the extent that contributions receivables are not collectible. The Plan manages this risk by closely monitoring delinquent contributors and ensuring late contributions and deviations are pursued. This risk has not changed from the prior year.

Self-Insured Death Benefit Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2025

7. Financial Risk Management (Continued)

(b) Liquidity Risk

The Plan is also exposed to *liquidity risk* in the event that investments must be sold quickly. The majority of the Plan's assets are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise, assuming orderly markets. This risk has not changed from the prior year.

(c) Market 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. This risk has not changed from the prior year.

Currency risk is the risk that the value of investments denominated in foreign currencies will fluctuate with changes in foreign currency exchange rates. The Plan is exposed to currency risk from the possibility that changes in exchange rates will affect the value of investments denominated in foreign currencies within the pooled funds. This risk has not changed from the prior year.

The Plan invests in units of pooled funds, which in turn invest in a diversified portfolio of assets. While the underlying investments of the pooled fund are susceptible to both currency and interest rate risk, the risk to the Plan is indirect in nature. Given the Plan is not directly holding any interest-sensitive securities, the Plan has no direct exposure to interest rate risk on its pooled fund investments and no direct exposure to currency risk on its pooled fund investments denominated in Canadian dollars.

Other price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

The Plan manages market risk by diversifying investments in accordance with the Plan's Statement of Investment Policies and Procedures, which is approved by the Trustees. The investments of the Plan are directly exposed to other price risk. If the unit prices of the equity and balanced pooled funds were to increase or decrease by 10%, with all other variables being held constant, the impact on the net assets available for benefits would be approximately \$573,000 (2024 - \$347,000).

Self-Insured Death Benefit Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2025

7. Financial Risk Management (Continued)

(d) Financial Instruments Fair Value Hierarchy

Disclosure of a three-level hierarchy for fair value measurements is based upon transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1:

For securities valued based on unadjusted quoted prices in active markets for identical assets.

Level 2:

For securities valued based on inputs, other than quoted prices included in Level 1, that are observable for the asset, either directly or indirectly.

Level 3:

For securities valued based on inputs that are based on unobservable market data.

The Plan's investments are categorized as Level 1 for equity and balanced pooled fund investments and Level 2 for other pooled fund investments within the fair value hierarchy as at December 31, 2024 and 2025. There were no transfers between levels during the year.

8. Capital Disclosure

The Plan considers its capital to be its net assets available for benefits. The Plan's objective when managing capital is to ensure that the self-insured death benefit coverage for its members is maintained. Deficiencies from operations are normally funded from contributions in future periods. The Plan's ability to meet this objective is affected by the level of benefits provided, contributions received and by the return on the Plan's investment assets, which are invested in accordance with the Plan's Statement of Investment Policies and Procedures (the "SIP&P"), last approved August 2025, and within the applicable regulatory limits.

Investments are based on asset mix and risk management policies that are designed to enable the Plan to meet or exceed its long-term funding requirement with an acceptable level of risk, consistent with the SIP&P as approved by the Board of Trustees. The Board of Trustees has adopted a SIP&P for the Plan which sets investment objectives, guidelines and benchmarks used in investing the Plan's assets, permitted categories of investments, asset mix, diversification and rate of return expectations.

There have been no significant changes to the Plan's capital management objectives, policies and processes in the year nor has there been any change in what the Plan considers to be its capital.