

**Lay Retirement Plan of the
Anglican Church of Canada
Financial Statements
For the year ended December 31, 2023**

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Independent Auditor's Report

To the Board of Trustees of Lay Retirement Plan of the Anglican Church of Canada

Opinion

We have audited the financial statements of Lay Retirement Plan of the Anglican Church of Canada (the "Plan"), which comprise the statement of financial position as at December 31, 2023, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2023, 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 Opinion

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 for our 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.

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.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

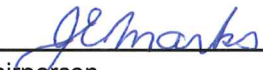
Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
May 24, 2024

Lay Retirement Plan of the Anglican Church of Canada
Statement of Financial Position

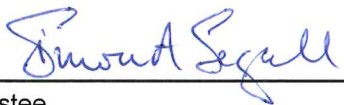
December 31 **2023** **2022**

Assets			
Cash	\$	6,743	\$ 6,401
Investments (Note 3)		<u>12,125,729</u>	<u>15,018,940</u>
Net assets available for benefits	\$	<u>12,132,472</u>	\$ <u>15,025,341</u>

On behalf of the Board:



Chairperson



Trustee

Lay Retirement Plan of the Anglican Church of Canada Statement of Changes in Net Assets Available for Benefits

For the year ended December 31	2023	2022
Increase (decrease) in net assets		
Contributions		
Employers	\$ -	\$ 12,084
Members	-	12,072
	-	24,156
Investment income (loss) (Notes 5 and 6(c))	1,028,015	(4,504,075)
Total increase (decrease) in net assets	1,028,015	(4,479,919)
Decrease in net assets		
Pension benefits	238,758	780,113
Death benefits	-	442,813
Withdrawal and terminations	1,772,580	18,562,285
Administrative expenses (Notes 4 and 6(c))	-	6,661
	2,011,338	19,791,872
Total decrease in net assets	2,011,338	19,791,872
Decrease in net assets	(983,323)	(24,271,791)
Net assets available for benefits, beginning of year	15,025,341	56,847,543
Transfer of assets (Note 2)	(1,909,546)	(17,550,411)
Net assets available for benefits, end of year	\$ 12,132,472	\$ 15,025,341

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

Lay Retirement Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies

Nature and Purpose of the Plan

The Plan is a defined contribution pension plan covering lay employees of the participating employers affiliated with the Anglican Church of Canada who are not entitled to participate in the General Synod Pension Plan of the Anglican Church of Canada ("General Synod Pension Plan"). Under the Plan, contributions are made by the Plan members and their participating employers.

Wind-up

The Trustees have passed a motion and filed an application with the Financial Services Regulatory Authority of Ontario for a full plan wind-up effective December 31, 2021 (Note 2). Accordingly, members and employers have ceased to make contributions to the Plan effective December 31, 2021. Effective January 1, 2022, active Plan members have joined the General Synod Pension Plan of the Anglican Church of Canada.

Basis of Presentation

These financial statements are prepared on the going concern basis in accordance with Canadian accounting standards for pension plans and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the participating employers and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period.

Investments

The assets of the Plan are held in segregated funds by The Canada Life Assurance Company, which acts as both trustee and manager of the Plan. Segregated funds are measured at the unit values supplied by the respective segregated fund administrators, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices. Transaction costs are included in the changes in net assets in the period incurred.

The investment income (loss) on the segregated funds is the increase or decrease in the value of the segregated funds, and consists of interest, dividends, and investment gains (losses) which includes realized and unrealized gains (losses). Dividends and interest are reinvested within the underlying pooled funds. Distributions from segregated funds are recorded when declared by the respective segregated fund managers.

The gains or losses on investments sold during in the year are determined by the excess or shortfall 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.

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.

Lay Retirement Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (Continued)

Pension Benefits

Retirement, death, and termination payments are accounted for in the period in which the election to effect such payment or transfer is made and approved.

Actual benefits including conditions and limitations thereto are governed by the provisions of the Plan and reference should be made to the Plan Agreement for more detailed information. Generally, the Plan provides pension payments on death and/or retirement to eligible members and their spouses or designated beneficiary based on accrued gains on their individual Plan balance.

Funding Policy

The Plan was funded by contributions of 10% of the member's salary, 5% being paid by the employee and 5% by the employer. The employee was allowed to make additional unmatched voluntary contributions. Contributions were recognized in the financial statements on the accrual basis for salaries reported by the employer up to, and including, the December 2023 work month to the extent that these contributions are reported by the date of the auditor's report.

Required contributions to the Plan were accrued in the year of assessment. Other contributions were recorded when received.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets during the reported period. Actual amounts could differ from those estimates.

Income Tax Status

The Plan is registered pursuant to the Pension Benefits Act and exempt from tax under section 149(1)(o) of the Income Tax Act (Canada).

2. Wind-up

On November 5, 2021, the Council of General Synod approved the wind-up of the Plan effective December 31, 2021. Application to the Financial Services Regulatory Authority of Ontario (the "FSRA") to wind up the Plan was made on March 3, 2022 and was approved on April 20, 2022. All members actively employed with participating employers of the Plan at January 1, 2022 have been enrolled in the General Synod Pension Plan of the Anglican Church of Canada (the "GSPP"). These members have been given the option to purchase a pension in the GSPP with their balances from the Plan. All members with account balances at Canada Life have been given every legally available option to manage their assets going forward.

Lay Retirement Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2023

3. Investments

Investments consist of the following:

	2023	2022
Guaranteed Investment Certificates	\$ 202,899	\$ 196,798
Segregated Funds		
Money market	84,185	112,079
Fixed income	136,802	256,982
Balanced - Target risk	11,701,843	14,453,081
	\$ 12,125,729	\$ 15,018,940

The market value of the following investments exceeds 1% of the market value of the total Plan investments as at December 31, 2023 and December 31, 2022:

	2023	2022
Guaranteed Investment Certificates		
1 year compound interest account	\$ 177,870	\$ 172,177
Guaranteed Investment Certificates ("GICs", less than 1%)	25,029	24,621
Segregated Funds		
MFS Money Market Fund	84,185	112,079
MFS Fixed Income Fund	136,802	256,982
Continuum Conservative Module	685,897	987,986
Continuum Moderate Module	4,631,719	5,882,417
Continuum Balanced Module	5,670,812	6,481,558
Continuum Advanced Module	387,170	472,188
Continuum Aggressive Module	326,245	628,932
	\$ 12,125,729	\$ 15,018,940

The Pension Benefits Act, 1990 (Ontario) requires disclosure of the market and book value of each category of investment (unless book values are not maintained in which case carrying values are to be disclosed), realized and unrealized gains or losses on total investments, and investment income by category of investment. Because of the nature of the funds, the fund manager is unable to provide book values, realized and unrealized gains or losses, and investment income by category, and therefore, no disclosure of this information is provided in these financial statements.

4. Related Party Transactions

The Pension Office Corporation of the Anglican Church of Canada administers the Plan. Effective January 1, 2015, the Plan entered into a cost sharing and agency agreement between the various pension and benefit plans of the Anglican Church of Canada (the "Plans") and the Pension Office Corporation. In the current year, the Plan paid the Pension Office Corporation \$Nil (2022 - \$10,500) to cover the Plan's share of the operating expenses. This transaction is measured at its exchange value (the amount of consideration established and agreed to by the related parties).

Lay Retirement Plan of the Anglican Church of Canada Notes to Financial Statements

December 31, 2023

5. Investment Income (Loss)

Investment income (loss) relates to the market value increase (decrease) of pooled fund investments and interest earned on Guaranteed Investment Certificates.

6. Statutory Information

Pursuant to the Pension Benefits Act, 1990, the following information is disclosed:

(a) Pension Plan Registration

The Plan is registered in the Province of Ontario (Registration number is 1026509) and is a defined contribution plan.

(b) Description of Plan Benefits

The Plan provides various alternatives on termination. An individual can transfer their balance owing to them to a Locked-in Retirement Account, a Locked-in Retirement Income Fund, a Life Income Fund, another registered pension plan or purchase an immediate or deferred pension from an insurance company. Upon death, a refund is payable to the partner or the named designated beneficiary. Members should refer to the Plan Regulations for full details.

(c) Recipients of professional fees (included in administrative expenses) are as follows:

	<u>2023</u>	<u>2022</u>
Insurance		
Cade Associates	\$ -	\$ 1,967
Legal		
Koskie Minsky LLP	\$ -	\$ 410

Canada Life charges annual investment management fees in the range of 0.67% to 0.90% (2022 - 0.67% to 0.90%) of the average daily market value of fund balances. Fees in the amount of \$139,275 (2022 - \$299,618) are included as an offset to investment income.

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). As the investments in the Plan are chosen by the individual members, risk is primarily managed by the members, as the members select investments based on their risk tolerance level. These risks have not changed from the prior year.

a) Market Risk

Market risk is the risk that the value of an investment changes as a result of market conditions. Market risk encompasses a variety of risks such as interest rate risk, currency risk and price risk. The Plan manages market risk by diversifying the choice of investments in accordance with the Plan's Statement of Investment Policies and Procedures, which is approved by the Trustees.

Lay Retirement Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2023

7. Financial Risk Management (Continued)

a) Market Risk (continued)

Interest Rate Risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Currency Risk

Currency risk is the risk that the value of investments denominated in foreign currencies will fluctuate due to changes in foreign currency exchange rates.

Other Price Risk

Other price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices. The Plan's investments in pooled funds are sensitive to market fluctuations.

b) Credit Risk

Credit risk is the risk of loss arising when a counterparty fails to fully honour its financial obligations with the Plan. Credit risk can also cause losses when an issuer is downgraded by credit rating agencies leading to a reduction in the market value of the issuers' obligation. The Plan also has credit risk to the extent that contributions receivable are not collectible. The Plan manages this risk by closely monitoring delinquent contributors and ensuring late contributions and deviations are pursued.

c) Liquidity Risk

Liquidity risk is the risk that the Plan has insufficient cash flows to meet its obligations as they come due. Cash inflows are derived from employer and member contributions and investment income. The majority of the Plan's assets are invested in readily marketable securities and can be sold relatively quickly, assuming orderly markets

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.

As at December 31, 2023 and 2022 all investments are Level 2 within the financial instruments fair value hierarchy.

Lay Retirement Plan of the Anglican Church of Canada

Notes to Financial Statements

December 31, 2023

8. Capital Disclosure

The Plan considers its capital to consist of its net assets available for benefits as presented in the Statement of Financial Position. The Plan's objective when managing its capital is to assist Plan members to accumulate funds that can be consolidated with other personal savings and benefits to provide income in retirement. The prudent and effective management of the Plan's assets, in accordance with Plan member direction, will have a direct impact on the achievement of this goal. The Plan seeks to provide an appropriate range of investment choices to encompass the varying risk tolerances of the Plan Members in achieving their retirement goals.

The Board of Trustees believes that it has adopted investment objectives and policies which provide a reasonable range of investment choices with different return and risk characteristics and which provide a reasonable basis for prudent and effective management of the Plan. These options are comprised of GICs and a variety of pooled funds described in the Statement of Investment Policies and Procedures (the "SIP&P"). The SIP&P was originally established in 1996 and was last amended on November 15, 2019. There were no significant changes from the previously approved SIP&P.

The SIP&P specifies the following investment options available to members:

	Canadian Bonds	Canadian Equities	Global Equities
Continuum Funds			
Continuum Conservative Fund	75%	11%	14%
Continuum Moderate Fund	60%	18%	22%
Continuum Balanced Fund	40%	27%	33%
Continuum Advanced Fund	20%	35%	45%
Continuum Aggressive Fund	0%	44%	56%
MFS Fixed Income Fund	n/a	n/a	n/a
MFS Money Market	n/a	n/a	n/a
GICs	n/a	n/a	n/a

A set of benchmarks has been identified to measure against each investment option's annual rate of investment return. Each option's relative annual rate of investment return expectation is to exceed the applicable benchmark. The table on the following page summarizes the percentage of the Plan's investments in each of the options at the end of the year and the return for the year before fees, compared to the benchmark.

Lay Retirement Plan of the Anglican Church of Canada
Notes to Financial Statements

December 31, 2023

8. Capital Disclosure (Continued)

Investment Options	Benchmark	Investment Allocation (%)		Current Year Annual Rate of Investment Return (%)			
		As of December 31st		Benchmark		Actual	
		2023	2022	2023	2022	2023	2022
Continuum Conservative Fund	75% DEX Universe Bond Index/11% S&P/TSX Composite Index/14% MSCI World Index	5.6%	6.6%	9.2%	-9.9%	8.1%	-8.2%
Continuum Moderate Fund	60% DEX Universe Bond Index/18% S&P/TSX Composite Index/22% MSCI World Index	38.2%	39.2%	10.3%	-9.5%	8.8%	-7.8%
Continuum Balanced Fund	40% DEX Universe Bond Index/27% S&P/TSX Composite Index/33% MSCI World Index	46.7%	43.2%	11.7%	-9.3%	9.8%	-7.3%
Continuum Advanced Fund	20% DEX Universe Bond Index/35% S&P/TSX Composite Index/45% MSCI World Index	3.2%	3.1%	13.8%	-8.9%	11.2%	-6.5%
Continuum Aggressive Fund	44% S&P/TSX Composite Index/56% MSCI World Index	2.7%	4.2%	15.3%	-8.5%	12.4%	-5.8%
McLean Budden Fixed Income Fund	Dex Universe	1.1%	1.7%	6.7%	-11.7%	7.3%	-12.0%
Money Market MFS McLean Budden	DEX 91 Day T-Bill	0.7%	0.7%	4.7%	1.8%	4.8%	1.8%
GICs Canada Life - 1, 3, 5 Year	Average rate of the 5 largest Canadian banks	1.8%	1.3%	n/a	n/a	n/a	n/a
		100%	100%				