

When the commutation was effected, the charges upon the fund were upwards of £6500 a year more than the interest of the debentures, which had been given for the commutation; and in receiving the commutation, the Church Society covenanted with each clergyman for the payment of the stipend that he had formerly received from the Clergy Reserves, and the Church Society therefore accepted the management of the fund, with the knowledge that their management commenced with an acknowledged deficiency of income to meet their expenditure of £6500 a year. To assist the Society in meeting this deficiency, the Society for the Propagation of the Gospel generously granted £7500 Sterling, £3000 to be paid in 1856, £2500 in 1857, and £2000 in 1858, and the first sum of £3000 was used in January 1856, in paying the salaries of the Clergy that became due at that period. Owing to the exertions of Mr. Cameron, while in England in 1857, the society was induced to pay the remaining £4500 that year, instead of putting off the payment of the last instalment to 1858, and that sum became a part of the Income Fund applicable to the salaries of the clergy. With so large an annual deficiency as £6500 meeting them in the very inception of their Trust, it became incumbent upon the Committee to make every exertion to procure such Investments as would produce the highest rate of interest, either directly by periodical payments, or by purchasing debentures and other securities at such a rate of discount, as would enable the Committee to meet the annual charges upon the Fund without trenching upon the actual capital they had received. That actual capital, as received by the Society in debentures at their par value, was £224,292 10s. currency, of which the proportion that belonged to the present Diocese of Toronto was £116,725 9s. 11d. That capital, with the premium on debentures sold, exchange, interest invested, and the £4500 sterling from the Propagation Society, stood in the year 1860, when the first division of the Diocese was made, at £288,489 7s. 9d., of which the Diocese of Huron received £86,651 17s. 11d., and Ontario, in 1863, on the second division, £74,809 14s. 1d., each of those amounts containing the share of those dioceses of the increase of the capital of the commutation of the clergy within their respective limits, which was rather more in each case than one-fourth of the whole sum transferred to them, and the Diocese of Toronto retaining as its share £146,987 16s. 9d., or £30,262 6s. 10d. more than the actual commutation of the clergy within its limits, that commutation having been, as before stated, £116,725 9s. 11d., and deducting arrears of interest included in the £30,262 6s. 10d., making an addition of nearly 22 per cent. to the original sum; while the whole expenses of the fund from the commencement have not exceeded £1000, which have been expended in the salary of the book-keeper, and in travelling expenses of members of the committee living out of Toronto. The Society, in entering into the covenants with the commuting clergy for the payment of their stipends, when so large an amount had to be made good beyond the then interest, naturally looked upon the falling in of lives, as a means of the reduction of the charges upon the fund, and had not many deaths occurred, the invested amount must have been greatly reduced, but the Committee are able to state that not only have all the charges upon the fund been met to the day, and in the nine and a half years, to the 1st of January last, they have amounted to £156,512 2s. 5d., but the comfort of the clergy has been increased by their stipends being paid quarterly, instead of half-yearly, as they were before the commutation, and there is an invested sum still to the credit of the Income Fund, which will make up the deficiency in interest on the Hamilton and St. Thomas debentures for some years to come.

The Committee believe that the state of the Commutation Trust Fund can bear comparison with the state of any monied institution in the country, and they only await the appointment of such gentlemen as the Church Society may name, for the fullest audit of the accounts of the fund from its commencement to the present time.

JOHN TORONTO,

*President of the Church Society.*