



Financial Statements

The Catholic Episcopal Corporation of Antigonish

December 31, 2020

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Independent Auditor's Report

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Most Reverend Wayne Kirkpatrick, Bishop of The Catholic Episcopal Corporation of Antigonish

Qualified Opinion

We have audited the financial statements of The Catholic Episcopal Corporation of Antigonish (“the Corporation”), which comprise the statement of financial position as at December 31, 2020, and the statements of revenues and expenses, change in fund balances and cash flows 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 Catholic Episcopal Corporation of Antigonish as at December 31, 2020, and its results of operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many not-for-profit organizations, the Corporation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Corporation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at December 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in 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 Corporation 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 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 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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.

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 Corporation'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 Corporation'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 Corporation 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.

Sydney, Canada
June 2, 2021

Grant Thornton LLP
Chartered Professional Accountants

The Catholic Episcopal Corporation of Antigonish

Statement of Financial Position

As at December 31

	<u>2020</u>	<u>2019</u>
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 951,713	\$ 424,793
Receivables (Note 4)	1,106,687	858,532
Inventory	62,728	59,974
Prepays	<u>4,463</u>	<u>6,613</u>
	2,125,591	1,349,912
Capital assets (Note 5)	334,649	311,977
Investments (Note 6)	55,540	52,901
Loans receivable (Note 7)	510,959	91,351
Restricted cash (Note 8)	964,976	982,537
Defined benefit pension asset (Note 9)	<u>867,183</u>	<u>1,075,882</u>
	\$ 4,858,898	\$ 3,864,560
<hr/>		
Liabilities		
Current		
Payables and accruals (Note 10)	<u>\$ 1,625,838</u>	<u>\$ 847,354</u>
Long term debt (Note 11)	<u>3,630,000</u>	<u>3,600,000</u>
	5,255,838	4,447,354
Fund balances		
Unrestricted	1,038,776	979,058
Internally restricted (Note 13)	(2,435,716)	(2,561,852)
Externally restricted (Note 14)	<u>1,000,000</u>	<u>1,000,000</u>
	<u>(396,940)</u>	<u>(582,794)</u>
	\$ 4,858,898	\$ 3,864,560

Contingencies and commitments (Note 12)
Subsequent events (Note 20)

On behalf of the Diocesan Finance Council



Member



Member

See accompanying notes to the financial statements.

The Catholic Episcopal Corporation of Antigonish

Statement of Revenue and Expenses

Year ended December 31

	Unrestricted Fund - Operations	Unrestricted Fund - Civil Liabilities	Unrestricted Fund - Total	Capital Asset Fund	Restricted Funds	Total 2020	Total 2019
Revenues							
Donations and bequests	\$ 413,983	\$ 99,920	\$ 513,903	\$ -	\$ -	\$ 513,903	\$ 671,710
Government subsidies	160,035	-	160,035	-	-	160,035	-
Investments and earnings	15,559	-	15,559	-	-	15,559	36,681
Levy	962,200	-	962,200	-	-	962,200	950,966
Loan interest	3,158	1,721	4,879	-	-	4,879	4,410
Mass Stipends	18,870	-	18,870	-	-	18,870	-
Other	40,795	-	40,795	-	-	40,795	48,078
Property sales	-	267,650	267,650	-	-	267,650	674,544
Registration fees	750	-	750	-	-	750	25,620
Retail sales	40,004	-	40,004	-	-	40,004	65,429
	<u>1,655,354</u>	<u>369,291</u>	<u>2,024,645</u>	<u>-</u>	<u>-</u>	<u>2,024,645</u>	<u>2,477,438</u>
Expenses							
Amortization	-	-	-	12,014	-	12,014	17,170
Bad debts	95,388	-	95,388	-	-	95,388	293,489
Canadian Conference of Catholic Bishops	54,556	-	54,556	-	-	54,556	55,805
Clergy education	8,215	-	8,215	-	-	8,215	1,499
Clergy priests ongoing formation, retreats and education	650	-	650	-	-	650	26,766
Clergy support	26,116	-	26,116	-	-	26,116	62,663
Committees	4,774	-	4,774	-	-	4,774	19,617
Cost of goods sold – retail	32,635	-	32,635	-	-	32,635	54,406
Diocesan Hermit	290	-	290	-	-	290	-
Facility costs	73,986	-	73,986	-	-	73,986	83,942
Family services grants	5,000	-	5,000	-	-	5,000	5,000
Insurance and deductibles	12,113	-	12,113	-	-	12,113	21,499
Interest and bank charges	36,045	-	36,045	-	-	36,045	33,490
Interest on long term debt	-	99,920	99,920	-	-	99,920	159,892
Office and supplies	75,085	-	75,085	-	-	75,085	76,520
Other	75,718	-	75,718	-	-	75,718	83,004
Production costs (Mass for Shut-ins)	44,408	-	44,408	-	-	44,408	46,035
Professional development	9,666	-	9,666	-	-	9,666	7,532
Professional fees	66,222	48,255	114,477	-	-	114,477	118,781
Property costs	-	128,416	128,416	-	-	128,416	284,025
Property taxes	15,992	-	15,992	-	-	15,992	12,327
Repairs and maintenance	12,141	-	12,141	-	-	12,141	14,496
Salaries and benefits	631,660	-	631,660	-	-	631,660	674,238
Seminarians	10,790	-	10,790	-	-	10,790	5,064
Telephone and utilities	25,255	-	25,255	-	-	25,255	24,452
Travel	24,782	-	24,782	-	-	24,782	98,261
	<u>1,341,487</u>	<u>276,591</u>	<u>1,618,078</u>	<u>12,014</u>	<u>-</u>	<u>1,630,092</u>	<u>2,279,973</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 313,867</u>	<u>\$ 92,700</u>	<u>\$ 406,567</u>	<u>\$ (12,014)</u>	<u>\$ -</u>	<u>\$ 394,553</u>	<u>\$ 197,465</u>

See accompanying notes to the financial statements.

The Catholic Episcopal Corporation of Antigonish

Statement of Changes in Fund Balances

Year ended December 31

	Unrestricted Funds	Capital Asset Fund	Restricted Funds		Total 2020	Total 2019
			Internally Restricted Fund	Externally Restricted Fund		
Fund balances, beginning of year	\$ 979,058	\$ 311,977	\$ (2,873,829)	\$ 1,000,000	\$ (582,794)	\$ (1,535,885)
Excess (deficiency) of revenue over expenses	406,567	(12,014)	-	-	394,553	197,465
Retirement benefits remeasurements and other items (Note 16)	(208,699)	-	-	-	(208,699)	755,626
Interfund transfers (Note 17)	(138,150)	-	138,150	-	-	-
Fund balances, end of year	<u>\$ 1,038,776</u>	<u>\$ 299,963</u>	<u>\$ (2,735,679)</u>	<u>\$ 1,000,000</u>	<u>\$ (396,940)</u>	<u>\$ (582,794)</u>
Fund balances, end of year						
Unrestricted	\$ 1,038,776	\$ -	\$ -	\$ -	\$ 1,038,776	\$ 979,058
Internally restricted	-	299,963	(2,735,679)	-	(2,435,716)	(2,561,852)
Externally restricted	-	-	-	1,000,000	1,000,000	1,000,000
	<u>\$ 1,038,776</u>	<u>\$ 299,963</u>	<u>\$ (2,735,679)</u>	<u>\$ 1,000,000</u>	<u>\$ (396,940)</u>	<u>\$ (582,794)</u>

See accompanying notes to the financial statements.

The Catholic Episcopal Corporation of Antigonish

Statement of Cash Flows

Year ended December 31

	2020	2019
Increase (decrease) in cash		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 394,553	\$ 197,465
Add (deduct):		
Fair value adjustment of investments	(2,639)	(5,222)
Loss on disposal of capital assets	-	12,620
Amortization of capital assets	<u>12,014</u>	<u>17,170</u>
	403,928	222,033
Change in non-cash working capital		
Receivables	(248,155)	325,601
Inventory	(2,754)	(3,681)
Prepays	2,150	(266)
Loans receivable	(419,608)	165,899
Payables and accruals	<u>778,484</u>	<u>(20,743)</u>
	<u>514,045</u>	<u>688,843</u>
Financing activity		
Change in restricted cash	17,561	(8,172)
Proceeds of long-term debt	30,000	-
Repayment of long-term debt	<u>-</u>	<u>(600,000)</u>
	47,561	(608,172)
Investing activity		
Purchase of capital assets	<u>(34,686)</u>	<u>(15,775)</u>
Net change in cash	526,920	64,896
Cash, beginning of year	<u>424,793</u>	<u>359,897</u>
Cash, end of year	<u>\$ 951,713</u>	<u>\$ 424,793</u>

See accompanying notes to the financial statements.

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

December 31, 2020

1. Nature of operations

The Catholic Episcopal Corporation of Antigonish (the "Corporation") is a not-for-profit organization incorporated by *An Act of the Nova Scotia Legislature*. The Corporation is a Temporal Entity of the Roman Catholic Diocese of Antigonish, and as such is a registered charity and exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Catholic Episcopal Corporation of Antigonish supports and connects those growing in their relationship with Jesus Christ, our Roman Catholic faith, and hope for the future. The mission of the Corporation is to commit to the continued building and renewal of community, service, worship and teaching within our parishes and Diocese.

Related parties to the Corporation include the parishes of the Diocese.

2. Summary of significant accounting policies

Basis of accounting

The Corporation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Canadian accounting standards for not-for-profit organizations are part of Canadian generally accepted accounting principles.

Canadian accounting standards for not-for-profit organizations requires entities to select policies appropriate for their circumstances from policies provided in these standards. The following are the policies selected by the Corporation and applied in these financial statements.

Fund accounting

Unrestricted funds

Revenue and expenses for service delivery activities and administration are reported in the Unrestricted Funds.

Unrestricted investment funds and related investment income and expenditures are reported as Unrestricted Funds.

Unrestricted Funds also include the accumulated remeasurements and other items (actuarial gains and losses, past service costs and gains or losses from curtailments or settlements) related to the retirement defined benefit pension plan.

Capital Asset Fund

The Capital Asset Fund reports the assets, liabilities, revenue and expenses related to capital assets.

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

December 31, 2020

2. Summary of significant accounting polices (continued)

Fund accounting (continued)

Restricted Funds

Funds externally restricted by donors or other persons and internally restricted by Council are reported as restricted funds. Related investment income is reported in the restricted funds.

From time to time, the Corporation's Bishop internally restricts funds from the Unrestricted Fund to the following funds and activities:

- Clergy fund
- Reserve for self-insurance – created for the purpose of funding the deductible for any insurance claims processed
- Civil Liabilities Fund – created for purpose of satisfying all items related to the Class Action Lawsuit
- Shepard's Trust Fund
- Faith Development Fund
- Programming Fund
- St. Joseph Society Fund
- Sabbatical Fund
- Rebuilding My People – The Church Fund – created to set aside funds for the Diocesan Congress

These internally restricted amounts are not available for other purposes without the approval of the Bishop.

Externally restricted funds include:

Education of Priests and Lay People

The education of priests and lay people include expenses relate to the restricted contribution of the Sisters of Saint Martha for the education of priests and lay people.

Development of Persons Fund

The development of persons fund includes expenses related to the restricted contribution of the Sisters of Saint Martha for the development of persons.

Contingency Fund

The Contingency Fund has been designated for Parish use for emergency repairs of core property. If an emergency repair is required and the Parish is not able to address it right away, the Parish can borrow up to \$20,000 (75% of the cost) at 4% interest as per the Contingency Fund Policy.

Revenue recognition

The Corporation follows the restricted fund method of accounting for contributions. Donations are recorded when the amount can be reasonably estimated and collection is reasonably assured. Donor-restricted donations are recognized as revenue in the Restricted Funds. Unrestricted donations are recognized as revenue in the Unrestricted Funds. Restricted contributions without a related restricted fund are recognized using the deferral method.

Levy revenue is recognized at 13.5% of the average of the previous three years' revenues of each parish that is related to the Corporation, once measurement and collectability is reasonably assured.

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

December 31, 2020

2. Summary of significant accounting policies (Continued)

Revenue recognition (continued)

Revenue on retail sales is recognized at the point of sale, when the customer receives and pays for the goods.

From time to time, the Corporation assumes the management of Church properties from parishes or congregations (former parish properties). This can occur when a church is closed or when a parish or congregation is disestablished or amalgamated with another parish or congregation. Former parish properties assumed by the Corporation are not held as investments used for the operations of the Corporation or to provide the services of the Corporation. Management does not exercise control over these former parish properties (other than property management) unless the former parish property is sold, at which time the property sale revenue is recorded through the statement of operations.

Government assistance

The Corporation recognizes government assistance toward current expenses in the statement of earnings. When government assistance received is specified to relate to future expenses, the Corporation defers the assistance and recognizes it in the statement of earnings as the related expenses are incurred.

Investments

Marketable securities are stated at fair value. Other investments held with private entities are stated at cost less impairment.

Financial instruments

The Corporation considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Corporation's financial instruments comprise cash (including restricted cash), receivables, loans receivable, investments, payables and accruals, and long-term debt.

Financial assets and liabilities obtained in arm's length transactions are initially recorded at their fair value and financial assets and liabilities obtained in related party transactions are initially measured at their exchange amount. The Corporation subsequently measures all of its financial assets and liabilities at amortized cost, except for cash and investments in equities, which are measured at fair value.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives using the straight-line method at:

Buildings	40 years
Motor vehicles	5 years
Computer equipment	4 years
Furniture and fixtures	10 years

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

December 31, 2020

2. Summary of significant accounting polices (Continued)

Capital assets (Continued)

When the Corporation receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date.

When the Corporation recognizes that a tangible capital asset no longer has any long-term service potential, the excess of the net carrying amount of the tangible capital asset over its residual value is recognized as an expense in the statement of operations, in the Capital Asset Fund.

Employee future benefits

For the Corporation's defined benefit pension plan, the defined benefit obligations are determined using the most recent actuarial valuation report prepared for funding purposes.

Plan assets are measured at fair value.

For the Corporation's defined benefit pension plan, the defined benefit obligations are determined using a funding valuation. The value of the pension obligation is based on the results of the formal valuation completed for the December 31, 2019, year end and rolled forward to December 31, 2020, by Eckler Ltd.

The Corporation recognizes the plan's funded surplus, which is the net amount of the defined benefit obligations and the fair value of plan assets, on the balance sheet.

Remeasurements and other items, including actuarial gains and losses and past services costs, are recognized directed in the Unrestricted Fund balance.

The Corporation only recognizes a defined benefit asset on the balance sheet to the extent it is expected to be recoverable. A valuation allowance is recognized for any excess of the adjusted benefit asset over the amount expected to be recoverable.

Contributed goods and services

Due to the difficulty in determining the fair value of materials and services contributed to the Organization, they are not recognized in the financial statements.

Use of estimates

Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment.

Significant items subject to estimates include the allowance for doubtful accounts, the useful lives of capital assets and properties, and assumptions used in the calculation of employee future benefit obligations.

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

December 31, 2020

2. Summary of significant accounting polices (Continued)

Cash and cash equivalents

The Corporation's policy is to present bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

Inventory

Inventory consists of items available for purchase in the Corporation's retail location. Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

The cost of inventories is comprised of directly attributable costs and includes the purchase price plus other costs incurred in bringing the inventories to their present location and condition, such as freight. The cost is reduced by the value of rebates and allowances received from vendors. The Corporation estimates net realizable value as the amount that inventories are expected to be sold. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed. Costs that do not contribute to bringing inventories to their present location and condition, such as storage and administrative overheads, are specifically excluded from the cost of inventories and are expensed in the period incurred.

The cost of inventory recognized as an expense during fiscal 2020 was \$32,635 (2019 - \$54,406). No write-down of inventories below their cost to their net realizable value was made in fiscal 2020. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

Leases

An operating lease is a lease where substantially all the benefits and risks incidental to ownership of the property are not transferred to the Corporation.

3. Cash and cash equivalents

The Corporation has available an operating line of credit with an authorized limit of \$75,000. This line of credit bears interest at a rate of prime plus 3.5% and is secured by a general security agreement over all assets of the Corporation. The Corporation also has a credit card available with an authorized limit of \$75,000. Both of these facilities are with the Royal Bank of Canada.

The Corporation also has available a credit facility from the Royal Bank of Canada with a \$300,000 limit. These funds are to be utilized for Parish capital projects.

At year end, none of these facilities had been utilized.

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

December 31, 2020

4. Receivables	<u>2020</u>	<u>2019</u>
Levy	\$ 820,706	\$ 677,177
Insurance	470,626	378,448
Payroll	374,439	301,654
Commodity tax	87,945	18,927
Other	<u>60,150</u>	<u>94,118</u>
	1,813,866	1,470,324
Allowance for doubtful accounts	<u>(707,179)</u>	<u>(611,792)</u>
	<u>\$ 1,106,687</u>	<u>\$ 858,532</u>

5. Capital assets			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 144,754	\$ -	\$ 144,754	144,754
Buildings	532,870	353,441	179,429	156,224
Computer equipment	89,211	80,764	8,447	9,610
Furniture and fixtures	<u>103,197</u>	<u>101,178</u>	<u>2,019</u>	<u>1,389</u>
	<u>\$ 870,032</u>	<u>\$ 535,383</u>	<u>\$ 334,649</u>	<u>\$ 311,977</u>

6. Investments	<u>2020</u>	<u>2019</u>
Marketable securities	\$ 54,640	\$ 52,001
Atlantic Broadcasters Limited	<u>900</u>	<u>900</u>
	<u>\$ 55,540</u>	<u>\$ 52,901</u>

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

December 31, 2020

7. Loans receivable

Loans to parishes bear interest from zero to the prime rate of interest and have terms of repayment varying from on demand to periods not exceeding twenty years. The prime rate of interest is determined by reference to the Corporation's bank prime rate.

	<u>2020</u>	<u>2019</u>
Parishes	\$ 494,962	\$ 79,627
Contingency fund	19,100	20,100
Other	<u>133,455</u>	<u>128,182</u>
	647,517	227,909
Allowance for doubtful accounts	<u>(136,558)</u>	<u>(136,558)</u>
	<u>\$ 510,959</u>	<u>\$ 91,351</u>

8. Restricted cash

Externally restricted cash consists of the following:

Restricted Funds	<u>2020</u>	<u>2019</u>
Funds for Education of Priests and Lay People	\$ 400,000	\$ 400,000
Funds for development of persons	400,000	400,000
Contingency fund	<u>164,976</u>	<u>182,537</u>
	<u>\$ 964,976</u>	<u>\$ 982,537</u>

Externally restricted funds are those received from Sisters of Saint Martha which have been restricted by the Sisters of Saint Martha for the use in funding education of priests and lay people, development of persons and contingency funding required for the parishes under the Corporation.

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

December 31, 2020

9. Defined benefit pension asset

Retirement benefits

The Corporation provides retirement benefits to its clergy and employees. The value of the pension obligation is based on the results of the formal valuation completed for the December 31, 2019, year end and rolled forward to December 31, 2020, by Eckler Ltd.

Information about the retirement plan is as follows:

	<u>2020</u>	<u>2019</u>
Plan assets	\$ 5,296,660	\$ 5,204,637
Accrued benefit obligation	<u>(4,429,477)</u>	<u>(4,128,755)</u>
	<u>\$ 867,183</u>	<u>\$ 1,075,882</u>

The amount of remeasurements and other items for the period was a remeasurement loss of \$208,699 (2019 – gain of \$755,626).

10. Payables and accruals

	<u>2020</u>	<u>2019</u>
Insurance	\$ 515,019	\$ 456,232
St. Joseph Society	296,418	205,389
Special collections	134,557	56,652
Special purpose funds	26,750	5,966
Payroll remittances	38,288	6,665
Other - parishes	427,987	-
Trade	<u>186,819</u>	<u>116,450</u>
	<u>\$ 1,625,838</u>	<u>\$ 847,354</u>

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

December 31, 2020

11. Long term debt	<u>2020</u>	<u>2019</u>
Canadian Diocese		
Demand note payable bearing interest at prime with no set terms of repayment. (Note 20)	3,600,000	3,600,000
Royal Bank of Canada		
Canada Emergency Business Account – The amount of \$30,000 represents the unforgivable balance of the \$40,000 interest-free loan received under the Government of Canada COVID response programs. 25% of the loan will be eligible for loan forgiveness up to \$10,000, if the loan is fully repaid on or before December 31, 2022. As at the year end date, \$10,000 has been included in Other Revenue and represents the maximum forgivable portion of the loan. If the unforgiven balance of the loan is not fully repaid by December 31, 2022, the remaining principal balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2023. The loan is due in full December 31, 2025.	<u>30,000</u>	<u>-</u>
	3,630,000	3,600,000
Less: Current portion	<u>-</u>	<u>-</u>
	<u>\$ 3,630,000</u>	<u>\$ 3,600,000</u>

Principal repayments in each of the next two (2) years are due as follows:

2021	\$ -
2022	\$ 3,630,000

The Canadian Diocese has signed a waiver stating that it will not call the debt during fiscal 2021.

12. Contingencies and commitments

- (a) The Corporation has been named a co-defendant in individual actions against other parties. Insufficient information is available to determine whether or not any of the claims will be validated as well as the possibility of additional claims to be made. If the claims are settled, the settlements would not pose a material financial risk to the Corporation. Insufficient information is available to quantify any amount which may become payable by the Corporation at some future date. In the event that a payment were to be made by the Corporation in connection with these alleged incidents, such payment would be recorded as an expenditure of the period in which the payment is made.

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

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12. Contingencies and commitments (Continued)

- (b) The Corporation has entered into a single facility banking arrangement with the Royal Bank of Canada whereby the bank accounts of participating parishes are consolidated for the purpose of minimizing banking fees. As a result of this arrangement, the Corporation is contingently liable for any overdrafts of participating parishes. As of December 31, 2020, the overdrawn balance is \$284,848 (2019 - \$594,219).
- (c) The Corporation entered into a ten-year lease agreement for premises with Membertou Development Corporation in 2016. The lease requires monthly payments of \$5,000 and terminates in January 2026.
-

13. Internally restricted funds

Internally restricted funds consist of the following:

	<u>2020</u>	<u>2019</u>
Clergy fund	\$ 137,034	\$ 117,786
Capital asset fund	299,962	311,977
Reserve for self-insurance	92,545	88,686
Property settlement fund	(4,703,367)	(4,796,068)
Shepherd's trust fund	119,846	119,846
Faith development fund	11,376	13,587
Programming fund	1,129,546	1,106,546
Sabbatical fund	310,725	310,725
St. Joseph Society fund	164,168	162,614
Rebuilding my people – the church fund	<u>2,449</u>	<u>2,449</u>
	<u>\$ (2,435,716)</u>	<u>\$ (2,561,852)</u>

14. Externally restricted funds

Externally restricted funds consist of the following:

	<u>2020</u>	<u>2019</u>
Education of Priests and Lay People	\$ 400,000	\$ 400,000
Development of persons	400,000	400,000
Contingency fund	<u>200,000</u>	<u>200,000</u>
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

December 31, 2020

15. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. It is management's opinion that the Corporation is not exposed to significant risk arising from its financial instruments.

Credit risk

The Corporation is subject to credit risk through receivables, loans receivable and investments in fixed income securities. The Corporation maintains provisions for potential losses of \$843,737 (2019 - \$748,350) and any such losses to date have been within management's expectations.

Liquidity risk

The Corporation is exposed to liquidity risk mainly in respect to its payables and accruals and long-term debt. The Corporation manages its liquidity risk by forecasting cash flows from operations, investing excess funds and ensuring appropriate financing is in place.

Interest rate risk

The Corporation's earnings are exposed to interest rate risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The Corporation does not use derivative instruments to alter its exposure to interest rate risk. There was no significant change in exposure from the prior year.

Market risk

The Corporation's investments are subject to market rate risk that arises from fluctuations in market prices and the degree of volatility of these prices. The Corporation manages this risk by investing in a diversified portfolio of investments.

Currency risk

Currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's foreign currency purchase and sale transactions and its assets and liabilities that are denominated in foreign currencies are minimal.

16. Retirement benefits remeasurement – St. Joseph Society

Retirement benefits remeasurement for the period include actuarial gains and losses, past service costs and gains and losses arising from any settlements and curtailments of benefits. These amounts are recorded directly in the statement of changes in fund balances rather than the statement of revenue and expenses.

The Catholic Episcopal Corporation of Antigonish

Notes to the financial statements

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17. Interfund transfers

During the year, there were transfers made between the funds of the Corporation as follows:

- \$138,150 (2019 - \$1,161,751) from the unrestricted funds to the internally restricted funds relating to cash outlays within those funds;
- \$nil (2019 - \$3,155) from the unrestricted funds to the capital asset fund relating to cash outlays for capital asset acquisitions.

18. Comparative figures

We have adjusted the comparative figures to conform to the financial statement presentation adopted in the current year.

19. Impact of COVID-19

Since December 2019, the spread of COVID-19 severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown, including the retail travel industry. Global stock markets have also experienced significant volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Corporation relies heavily on parish levy revenues to support operations, which has been negatively impacted in fiscal year due to lockdowns, gathering restrictions, and the economic impact on local communities. The collectability of receivable balances may also be called into question in the future.

During the year, the Corporation received a \$40,000 loan under the Canada Emergency Business Account ("CEBA") program provided by the Federal Government and received \$160,035 of funding under the Canada Emergency Wage Subsidy ("CEWS") program, also provided by the Federal Government. These programs were accessed to offset the costs related to the impact of COVID-19 on operations.

20. Subsequent events

Subsequent to year-end, the Corporation entered into an agreement with another Canadian Diocese to transfer large amounts of land in exchange for the extinguishment of long-term debt owed to the same Diocese (Note 11). The deed transfer was signed prior to the report date, but some terms of the transaction have not yet been met.

It has been determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2020, have not been adjusted to reflect their impact.
