



Financial Statements

The Catholic Episcopal Corporation of Antigonish

December 31, 2022

Contents

	<u>Page</u>
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Revenue and Expenses	5
Statement of Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 19

Independent Auditor's Report

Grant Thornton LLP
Suite 301, Membertou Place
90 San'tele'sew Aawti
Membertou, NS
B1S 0A5
T +1 902 562 5581
F +1 902 562 0073

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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at December 31, 2022 and 2021. Our audit opinion on the financial statements for the year ended December 31, 2022 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 11, 2023

Grant Thornton LLP
Chartered Professional Accountants

The Catholic Episcopal Corporation of Antigonish

Statement of Financial Position

As at December 31

2022

2021

Assets

Current

Cash and cash equivalents (Note 3)	\$ 120,629	\$ 418,299
Receivables (Note 4)	994,017	844,063
Inventory	76,143	66,133
Prepays	<u>3,569</u>	<u>5,020</u>
	1,194,358	1,333,514
Capital assets (Note 5)	317,747	322,742
Investments (Note 6)	69,404	69,472
Loans receivable (Note 7)	619,879	511,622
Restricted cash (Note 8)	921,559	977,106
Defined benefit pension asset (Note 9)	<u>356,033</u>	<u>1,288,706</u>
	<u>\$ 3,478,980</u>	<u>\$ 4,503,163</u>

Liabilities

Current


Payables and accruals (Note 10)	\$ 1,516,097	\$ 1,109,615
Current portion of Long-term debt (Note 11)	<u>30,000</u>	<u>-</u>
	1,546,097	1,109,615
Long-term debt (Note 11)	<u>-</u>	<u>30,000</u>
	<u>1,546,097</u>	<u>1,139,615</u>

Fund balances

Unrestricted	(1,341,445)	119,729
Internally restricted (Note 13)	2,274,328	2,243,819
Externally restricted (Note 14)	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,932,883</u>	<u>3,363,548</u>
	<u>\$ 3,478,980</u>	<u>\$ 4,503,163</u>

Contingencies and commitments (Note 12)

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	Capital Asset Fund	Restricted Funds	Total 2022	Total 2021
Revenues					
Donations and bequests	\$ 209,919	\$ -	\$ -	\$ 209,919	\$ 225,957
Government subsidies	-	-	-	-	82,077
Investments and earnings	27,449	-	-	27,449	16,065
Levy	872,722	-	-	872,722	919,664
Loan interest	22,804	-	-	22,804	11,784
Needs of the Canadian Church	9,198	-	-	9,198	13,238
Mass Stipends	8,090	-	-	8,090	6,740
Other	68,078	-	-	68,078	38,000
Registration fees	4,600	-	-	4,600	-
Retail sales	49,284	-	-	49,284	50,403
	<u>1,272,144</u>	<u>-</u>	<u>-</u>	<u>1,272,144</u>	<u>1,363,928</u>
Expenses					
Amortization	-	6,350	-	6,350	11,907
Bad debts	132,700	-	-	132,700	28,601
Canadian Conference of Catholic Bishops	63,915	-	-	63,915	50,092
Pastoral services and committees	11,556	-	-	11,556	8,126
Clergy fund	124,128	-	-	124,128	26,955
Cost of goods sold – retail	42,840	-	-	42,840	41,878
Diocesan Hermit	1,740	-	-	1,740	1,740
Facility costs	76,715	-	-	76,715	65,969
Family services grants	5,000	-	-	5,000	5,000
Grants – Parish and demolitions	261,644	-	-	261,644	13,298
Insurance and deductibles	6,337	-	-	6,337	54,591
Interest and bank charges	35,599	-	-	35,599	36,460
Interest on long-term debt	-	-	-	-	55,578
Office and supplies	37,826	-	-	37,826	50,813
Other	118,391	-	-	118,391	103,003
Production costs (Mass for Shut-ins)	40,938	-	-	40,938	43,603
Professional development	-	-	-	-	10,992
Professional fees	82,074	-	-	82,074	79,856
Property taxes	13,488	-	-	13,488	12,500
Repairs and maintenance	14,870	-	-	14,870	13,540
Sabbatical	18,268	-	-	18,268	-
Salaries and benefits	620,987	-	-	620,987	635,722
Seminarians	25,585	-	-	25,585	15,965
Telephone and utilities	26,339	-	-	26,339	19,611
Travel	14,941	-	-	14,941	9,336
	<u>1,775,881</u>	<u>6,350</u>	<u>-</u>	<u>1,782,231</u>	<u>1,395,136</u>
Excess (deficiency) of revenues over expenditures before other items	<u>(503,737)</u>	<u>(6,350)</u>	<u>-</u>	<u>(510,087)</u>	<u>(31,208)</u>
Other items:					
Property sales	12,095	-	-	12,095	3,497,500
Property costs	-	-	-	-	127,327
	<u>12,095</u>	<u>-</u>	<u>-</u>	<u>12,095</u>	<u>3,370,173</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (491,642)</u>	<u>\$ (6,350)</u>	<u>\$ -</u>	<u>\$ (497,992)</u>	<u>\$ 3,338,965</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 2022	Total 2021
			Internally Restricted Fund	Externally Restricted Fund		
Fund balances, beginning of year	\$ 119,729	\$ 288,056	\$ 1,955,763	\$ 1,000,000	\$ 3,363,548	\$ (396,940)
Deficiency (excess) of revenue over expenses	(491,642)	(6,350)	-	-	(497,992)	3,338,965
Retirement benefits remeasurements and other items (Note 16)	(932,673)	-	-	-	(932,673)	421,523
Interfund transfers (Note 17)	(36,859)	-	36,859	-	-	-
Fund balances, end of year	<u>\$ (1,341,445)</u>	<u>\$ 281,706</u>	<u>\$ 1,992,622</u>	<u>\$ 1,000,000</u>	<u>\$ 1,932,883</u>	<u>\$ 3,363,548</u>
Fund balances, end of year						
Unrestricted	\$ (1,341,445)	\$ -	\$ -	\$ -	\$ (1,341,445)	\$ 119,729
Internally restricted	-	281,706	1,992,622	-	2,274,328	2,243,819
Externally restricted	-	-	-	1,000,000	1,000,000	1,000,000
	<u>\$ (1,285,198)</u>	<u>\$ 281,706</u>	<u>\$ 1,992,622</u>	<u>\$ 1,000,000</u>	<u>\$ 1,932,883</u>	<u>\$ 3,363,548</u>

See accompanying notes to the financial statements.

The Catholic Episcopal Corporation of Antigonish

Statement of Cash Flows

Year ended December 31

2022

2021

Increase (decrease) in cash

Operating activities

Excess of revenue over expenses	\$ (497,992)	\$ 3,338,965
Add (deduct):		
Fair value adjustment of investments	68	(13,932)
Amortization of capital assets	<u>6,350</u>	<u>11,907</u>
	(491,574)	3,336,940

Change in non-cash working capital

Receivables	(149,954)	262,624
Inventory	(10,010)	(3,404)
Prepays	1,451	(557)
Loans receivable	(108,257)	(663)
Payables and accruals	<u>406,482</u>	<u>(516,224)</u>
	(351,862)	3,078,716

Financing activity

Change in restricted cash	55,547	(12,130)
Repayment of long-term debt	<u>-</u>	<u>(3,600,000)</u>
	55,547	(3,612,130)

Investing activity

Purchase of capital assets	<u>(1,355)</u>	<u>-</u>
----------------------------	----------------	----------

Net change in cash (297,670) (533,414)

Cash, beginning of year 418,299 951,713

Cash, end of year \$ 120,629 \$ 418,299

See accompanying notes to the financial statements.

The Catholic Episcopal Corporation of Antigonish

Notes to the Financial Statements

December 31, 2022

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, 2022

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
- Shepard's Trust Fund
- Faith Development Fund
- Programming Fund
- St. Joseph Society 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, 2022

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
Computer equipment	4 years
Furniture and fixtures	10 years

The Catholic Episcopal Corporation of Antigonish

Notes to the Financial Statements

December 31, 2022

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, 2022, 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, 2022

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 2022 was \$42,840 (2021 - \$41,878). No write-down of inventories below their cost to their net realizable value was made in fiscal 2021. 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, 2022

4. Receivables	<u>2022</u>	<u>2021</u>
Levy	\$ 874,979	\$ 772,861
Insurance	699,150	483,805
Payroll	184,945	233,213
Commodity tax	46,805	46,249
Other	<u>81,272</u>	<u>55,716</u>
	1,887,151	1,591,844
Allowance for doubtful accounts	<u>(893,134)</u>	<u>(747,781)</u>
	<u>\$ 994,017</u>	<u>\$ 844,063</u>

5. Capital assets			<u>2022</u>	<u>2021</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	532,871	367,281	165,590	169,836
Computer equipment	90,567	84,799	5,768	6,133
Furniture and fixtures	<u>103,197</u>	<u>101,562</u>	<u>1,635</u>	<u>2,019</u>
	<u>\$ 871,389</u>	<u>\$ 553,642</u>	<u>\$ 317,747</u>	<u>\$ 322,742</u>

6. Investments	<u>2022</u>	<u>2021</u>
Marketable securities	\$ 68,504	\$ 68,572
Atlantic Broadcasters Limited	<u>900</u>	<u>900</u>
	<u>\$ 69,404</u>	<u>\$ 69,472</u>

The Catholic Episcopal Corporation of Antigonish

Notes to the Financial Statements

December 31, 2022

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>2022</u>	<u>2021</u>
Parishes	\$ 458,407	\$ 494,116
Contingency fund	78,442	26,994
Other	<u>194,935</u>	<u>115,070</u>
	731,784	636,180
Allowance for doubtful accounts	<u>(111,905)</u>	<u>(124,558)</u>
	<u>\$ 619,879</u>	<u>\$ 511,622</u>

8. Restricted cash

Externally restricted cash consists of the following:

Restricted Funds	<u>2022</u>	<u>2021</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>121,559</u>	<u>177,106</u>
	<u>\$ 921,559</u>	<u>\$ 977,106</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, 2022

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, 2022, year end by Eckler Ltd.

Information about the retirement plan is as follows:

	<u>2022</u>	<u>2021</u>
Plan assets	\$ 4,844,088	\$ 5,809,578
Accrued benefit obligation	<u>(4,488,055)</u>	<u>(4,520,872)</u>
	<u>\$ 356,033</u>	<u>\$ 1,288,706</u>

The amount of remeasurements and other items for the period was a remeasurement loss of \$932,673 (2021 – gain of \$421,523).

10. Payables and accruals

	<u>2022</u>	<u>2021</u>
Insurance	\$ 690,748	\$ 572,734
St. Joseph Society	453,754	355,684
Special purpose funds	37,481	12,397
Special collections	11,865	11,865
Payroll remittances	36,543	34,429
Trade	<u>285,706</u>	<u>122,506</u>
	<u>\$ 1,516,097</u>	<u>\$ 1,109,615</u>

The Catholic Episcopal Corporation of Antigonish

Notes to the Financial Statements

December 31, 2022

11. Long-term debt

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, 2023. 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, 2023, the remaining principal balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2024. The loan is due in full December 31, 2025.

	<u>2022</u>	<u>2021</u>
	<u>30,000</u>	<u>30,000</u>
	30,000	30,000
Less: Current portion	<u>30,000</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 30,000</u>

Principal repayments in the next year are due as follows:

2023	\$ 30,000
------	-----------

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

December 31, 2022

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, 2022, the overdrawn balance is \$735,265 (2021 - \$330,458).
- (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>2022</u>	<u>2021</u>
Clergy fund	\$ 75,069	\$ 150,038
Capital asset fund	281,705	288,055
Reserve for self-insurance	111,846	75,430
Shepherd's trust fund	119,846	119,846
Faith development fund	13,529	11,390
Programming fund	1,111,050	1,111,090
Sabbatical fund	310,725	310,725
St. Joseph Society fund	248,109	174,798
Rebuilding my people – the church fund	<u>2,449</u>	<u>2,449</u>
	<u>\$ 2,274,328</u>	<u>\$ 2,243,820</u>

14. Externally restricted funds

Externally restricted funds consist of the following:

	<u>2022</u>	<u>2021</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, 2022

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 \$1,005,039 (2021 - \$872,339) 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

December 31, 2022

17. Interfund transfers

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

- \$36,859 (2021 - \$4,691,442) from the unrestricted funds to the internally restricted funds relating to cash outlays within those funds;
-