



Financial Statements

The Catholic Episcopal Corporation of Antigonish

December 31, 2023

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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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at December 31, 2023 and 2022. 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, 2024

Grant Thornton LLP
Chartered Professional Accountants

The Catholic Episcopal Corporation of Antigonish

Statement of Financial Position

As at December 31

2023

2022

Assets

Current

Cash and cash equivalents (Note 3)	\$ -	\$ 120,629
Internally restricted cash – insurance proceeds (Note 3)	996,697	-
Receivables (Note 4)	1,054,831	994,017
Inventory	74,012	76,143
Prepays	10,246	3,569
	<u>2,135,786</u>	<u>1,194,358</u>
Capital assets (Note 5)	321,790	317,747
Investments (Note 6)	77,626	69,404
Loans receivable (Note 7)	508,076	619,879
Restricted cash (Note 8)	836,528	921,559
Defined benefit pension asset (Note 9)	608,614	356,033
	<u>\$ 4,488,420</u>	<u>\$ 3,478,980</u>

Liabilities

Current


Bank indebtedness (Note 3)	\$ 246,106	-
Payables and accruals (Note 10)	1,440,043	\$ 1,496,097
Insurance proceeds payable to parishes (Note 18)	996,697	-
Deferred revenue	15,000	20,000
Current portion of Long-term debt (Note 11)	-	30,000
	<u>2,697,846</u>	<u>1,546,097</u>


Fund balances

Unrestricted	(1,524,041)	(1,341,445)
Internally restricted (Note 13)	2,314,615	2,274,328
Externally restricted (Note 14)	1,000,000	1,000,000
	<u>1,790,574</u>	<u>1,932,883</u>
	<u>\$ 4,488,420</u>	<u>\$ 3,478,980</u>

Contingencies and commitments (Note 12)

On behalf of the Diocesan Finance Council

DocuSigned by:

 Bishop Wayne Joseph Kirkpatrick Member
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DocuSigned by:

 Mary Ozyner Member
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See accompanying notes to the financial statements.

The Catholic Episcopal Corporation of Antigonish

Statement of Revenue and Expenses

Year ended December 31

	Total <u>2023</u>	Total <u>2022</u>
Revenues		
Donations and bequests	\$ 180,317	\$ 209,919
Investments and earnings	80,692	27,449
Levy	825,383	872,722
Loan interest	23,868	22,804
Mass Stipends	-	8,090
Needs of the Canadian Church	8,529	9,198
Other	42,273	80,173
Registration fees	31,878	4,600
Retail sales	<u>64,079</u>	<u>49,284</u>
	<u>1,257,019</u>	<u>1,284,239</u>
Expenses		
Amortization	6,153	6,350
Bad debts (recovery)	(2,999)	132,700
Canadian Conference of Catholic Bishops	88,426	63,915
Clergy fund	39,728	124,128
Conferences, workshops and retreats	7,954	5,353
Contracts, facilitators, and professional fees	72,866	78,662
Cost of goods sold – retail	58,764	42,840
Diocesan Hermit	1,740	1,740
Facility costs	67,168	76,715
Family services grants	5,000	5,000
Grants – Parish and demolitions	110,906	261,644
Insurance and deductibles	25,930	6,337
Interest and bank charges	36,160	35,599
Miscellaneous	162,218	98,658
Office and supplies	43,624	37,826
Pastoral services and committees	15,332	11,556
Production costs (Mass for Shut-ins)	43,741	40,938
Professional dues and legal fees	17,123	3,412
Property taxes	57,210	13,488
Repairs and maintenance	17,050	14,870
Sabbatical	71,304	18,268
Salaries and benefits	621,768	620,987
Seminarians	28,035	25,585
Telephone and utilities	29,111	26,339
Travel	12,742	14,941
Vehicle	<u>14,855</u>	<u>14,380</u>
	<u>1,651,909</u>	<u>1,782,231</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (394,890)</u>	<u>\$ (497,992)</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	Internally Restricted (Note 13)		Externally Restricted Fund	Total 2023	Total 2022
		Capital Asset Fund	Internally Restricted Fund			
Fund balances, beginning of year	\$ (1,341,445)	\$ 281,706	\$ 1,992,622	\$ 1,000,000	\$ 1,932,883	\$ 3,363,548
Deficiency (excess) of revenue over expenses	(388,737)	(6,153)	-	-	(394,890)	(497,992)
Retirement benefits remeasurements and other items (Note 16)	252,581	-	-	-	252,581	(932,673)
Interfund transfers (Note 17)	(46,440)	46,237	203	-	-	-
Fund balances, end of year	<u>\$ (1,524,041)</u>	<u>\$ 321,790</u>	<u>\$ 1,992,825</u>	<u>\$ 1,000,000</u>	<u>\$ 1,790,574</u>	<u>\$ 1,932,883</u>
Fund balances, end of year						
Unrestricted	\$ (1,524,041)	\$ -	\$ -	\$ -	\$ (1,524,041)	\$ (1,341,445)
Internally restricted	-	321,790	1,992,825	-	2,314,615	2,274,328
Externally restricted	-	-	-	1,000,000	1,000,000	1,000,000
	<u>\$ (1,524,041)</u>	<u>\$ 321,790</u>	<u>\$ 1,992,825</u>	<u>\$ 1,000,000</u>	<u>\$ 1,790,574</u>	<u>\$ 1,932,883</u>

See accompanying notes to the financial statements.

The Catholic Episcopal Corporation of Antigonish

Statement of Cash Flows

Year ended December 31

2023

2022

Increase (decrease) in cash

Operating activities

Excess of revenue over expenses	\$ (394,890)	\$ (497,992)
Add (deduct):		
Fair value adjustment of investments	(8,222)	68
Amortization of capital assets	<u>6,153</u>	<u>6,350</u>
	(396,959)	(491,574)

Change in non-cash working capital

Receivables	(60,814)	(149,954)
Inventory	2,131	(10,010)
Prepays	(6,677)	1,451
Loans receivable	111,803	(108,257)
Deferred revenue	(5,000)	-
Payables and accruals	<u>(56,055)</u>	<u>406,482</u>
	(14,612)	139,712

Financing activity

Change in restricted cash	85,031	55,547
Repayment of long-term debt	<u>(30,000)</u>	<u>-</u>
	(55,031)	55,547

Investing activity

Purchase of capital assets	<u>(10,195)</u>	<u>(1,355)</u>
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Net change in cash **(366,735)** **(297,670)**

Cash (bank indebtedness), beginning of year 120,629 418,299

Cash (bank indebtedness), end of year **\$ (246,106)** **\$ 120,629**

See accompanying notes to the financial statements.

The Catholic Episcopal Corporation of Antigonish

Notes to the Financial Statements

December 31, 2023

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, 2023

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

Internally 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
- Insurance proceeds for parishes – created to set aside funds received for insurance claims owed to the parishes

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

Externally 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.

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, 2023

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 gross property sale revenue is recorded through the statement of operations.

When a parish property is sold on behalf of a parish, the net of the proceeds of sale and costs related to the sale of the property incurred by the Corporation is disclosed as a liability to the parish until disbursed.

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, 2023

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, 2023, 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, 2023

2. Summary of significant accounting policies (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 2023 was \$58,764 (2022 - \$42,840). No write-down of inventories below their cost to their net realizable value was made in fiscal 2023. 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 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.

Included in cash and presented as a separate line item is a remaining balance of \$996,697 received from insurance proceeds for Hurricane Fiona, which are internally restricted for disbursement to individual parishes after year-end.

The Catholic Episcopal Corporation of Antigonish

Notes to the Financial Statements

December 31, 2023

4. Receivables	<u>2023</u>	<u>2022</u>
Levy	\$ 854,513	\$ 874,979
Insurance premiums	818,070	699,150
Payroll	139,107	184,945
Commodity tax	86,452	46,805
Properties	17,936	-
Other	<u>84,679</u>	<u>81,272</u>
	<u>2,000,757</u>	1,887,151
Allowance for doubtful accounts	<u>(945,926)</u>	<u>(893,134)</u>
	<u>\$ 1,054,831</u>	<u>\$ 994,017</u>

5. Capital assets			<u>2023</u>	<u>2022</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	371,421	161,450	165,590
Computer equipment	90,567	86,241	4,326	5,768
Furniture and fixtures	<u>113,393</u>	<u>102,133</u>	<u>11,260</u>	<u>1,635</u>
	<u>\$ 881,585</u>	<u>\$ 559,795</u>	<u>\$ 321,790</u>	<u>\$ 317,747</u>

6. Investments	<u>2023</u>	<u>2022</u>
Marketable securities	\$ 76,726	\$ 68,504
Atlantic Broadcasters Limited	<u>900</u>	<u>900</u>
	<u>\$ 77,626</u>	<u>\$ 69,404</u>

The Catholic Episcopal Corporation of Antigonish

Notes to the Financial Statements

December 31, 2023

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>2023</u>	<u>2022</u>
Parishes	\$ 225,493	\$ 458,407
Contingency fund	163,472	78,442
Other	<u>175,226</u>	<u>194,935</u>
	564,191	731,784
Allowance for doubtful accounts	<u>(56,115)</u>	<u>(111,905)</u>
	<u>\$ 508,076</u>	<u>\$ 619,879</u>

8. Restricted cash

Externally restricted cash consists of the following:

Restricted Funds	<u>2023</u>	<u>2022</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>36,528</u>	<u>121,559</u>
	<u>\$ 836,528</u>	<u>\$ 921,559</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, 2023

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, 2023, year end by Eckler Ltd.

Information about the retirement plan is as follows:

	<u>2023</u>	<u>2022</u>
Plan assets	\$ 5,060,316	\$ 4,844,088
Accrued benefit obligation	<u>(4,451,702)</u>	<u>(4,488,055)</u>
	<u>\$ 608,614</u>	<u>\$ 356,033</u>

The amount of remeasurements and other items for the period was a remeasurement gain of \$252,581 (2022 – loss of \$932,673).

10. Payables and accruals

	<u>2023</u>	<u>2022</u>
Insurance	\$ 781,512	\$ 690,748
St. Joseph Society	518,264	453,754
Special purpose funds	12,296	37,481
Special collections	18,104	11,865
Payroll remittances	41,030	36,543
Trade	<u>68,837</u>	<u>265,706</u>
	<u>\$ 1,440,043</u>	<u>\$ 1,496,097</u>

The Catholic Episcopal Corporation of Antigonish

Notes to the Financial Statements

December 31, 2023

11. Long-term debt

	<u>2023</u>	<u>2022</u>
Royal Bank of Canada		
Canada Emergency Business Account – Repaid in full in current year	\$ _____ -	\$ <u>30,000</u>
	<u>\$ _____ -</u>	<u>\$ 30,000</u>

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.
- (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, 2023, the overdrawn balance is \$607,549 (2022 - \$735,265).
- (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.
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The Catholic Episcopal Corporation of Antigonish

Notes to the Financial Statements

December 31, 2023

13. Internally restricted funds

Internally restricted funds consist of the following:

	<u>2023</u>	<u>2022</u>
Clergy fund	\$ 66,819	\$ 75,069
Capital asset fund	321,790	281,705
Reserve for self-insurance	111,789	111,846
Shepherd's trust fund	119,846	119,846
Faith development fund	16,289	13,529
Programming fund	1,111,050	1,111,050
Sabbatical fund	310,725	310,725
St. Joseph Society fund	253,858	248,109
Rebuilding my people – the church fund	<u>2,449</u>	<u>2,449</u>
	<u>\$ 2,314,615</u>	<u>\$ 2,274,328</u>

14. Externally restricted funds

Externally restricted funds consist of the following:

	<u>2023</u>	<u>2022</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, 2023

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 \$1,002,041 (2022 - \$1,005,039) 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:

- \$203 (2022 - \$36,859) from the unrestricted funds to the internally restricted funds relating to cash outlays within those funds;

18. Insurance proceeds payable to parishes

During the year, insurance proceeds of \$2,010,722 were received from insurance claims related to damage to the parishes from Hurricane Fiona. As of December 31, 2023, \$1,020,344 of these proceeds have been disbursed to the parishes.

The remaining \$996,697 (including \$6,319 of interest) is still owed to the parishes and will be disbursed in the next fiscal year. The payable and offsetting internally restricted cash are netted on the statement of cash flow to have a nil impact.

19. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.
