

**THE ROMAN CATHOLIC ARCHBISHOP OF
VANCOUVER – JOHN PAUL II PASTORAL
CENTRE**

**Financial Statements
December 31, 2021**

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INDEPENDENT AUDITORS' REPORT

TO THE MOST REVEREND J. MICHAEL MILLER, CSB ARCHBISHOP OF VANCOUVER

Qualified Opinion

We have audited the financial statements of John Paul II Pastoral Centre of the Roman Catholic Archbishop of Vancouver (the "Archdiocese"), which comprise:

- ♦ the statement of financial position as at December 31, 2021;
- ♦ the statement of operations for the year then ended;
- ♦ the statement of changes in net assets for the year then ended;
- ♦ the statement of operations and changes in net assets internally restricted for specific programs for the year then ended;
- ♦ the statement of operations and changes in net assets externally restricted for the year then ended;
- ♦ the statement of cash flows for the year then ended; and
- ♦ the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the Archdiocese as at December 31, 2021 and the results of its 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 and charities, the Archdiocese derives revenue from donations and fundraising activities, 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 Archdiocese. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenditures, and cash flows from operations for the year ended December 31, 2021, current assets as at December 31, 2021, and net assets as at December 31 for 2021 year. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

As explained in note 2(d), all expenditures for purchases of property and equipment are charged as current year costs in the statement of operations. Property and equipment are not capitalized and amortized over their useful life. Any resulting gains arising from the property sales equals the sale proceeds net of transaction costs. The policy adopted by the Archdiocese constitutes a departure from Canadian accounting standards for not-for-profit organizations. It is not practicable to quantify the effects of this departure on the excess of revenues over expenditures, and the cash flows from operations and investing activities for the year ended December 31, 2021 and 2020 and property and equipment and total assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years.

Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of the limitation in scope and departure from Canadian accounting standards for not-for-profit organizations.

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 from the Archdiocese 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Archdiocese's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Archdiocese or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Archdiocese's financial reporting process.

Auditors' 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 auditors' 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 Archdiocese'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 Archdiocese'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 Archdiocese 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.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 24, 2022

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
JOHN PAUL II PASTORAL CENTRE
Statement of Financial Position
December 31

	2021	2020
Assets		
Current		
Cash	\$ 7,511,085	\$ 9,341,794
Amounts receivable (note 6)	2,850,293	3,347,511
Prepaid expenses	222,160	218,543
Current portion of loans receivable from Notre Dame (note 5)	4,573,076	596,064
	15,156,614	13,503,912
Investments (note 4 and note 7)		
Unrestricted	41,924,214	33,046,585
Restricted	181,811,291	154,231,637
	223,735,505	187,278,222
Loans Receivable from Parishes, Agencies and School (note 5)		
Loan Receivable from Notre Dame (note 5)	41,021,589	36,288,958
Loan Receivable from Gardens of Gethsemani (note 6)	3,562,603	7,334,310
	6,673,701	7,015,541
	51,257,893	50,638,809
	\$ 290,150,012	\$ 251,420,943
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 2,077,341	\$ 1,435,793
Deposits from Parishes and Agencies (note 9)	179,222,616	151,648,188
National and Diocesan Collections and Donations payable	2,894,245	3,080,928
Parish Project Advance rebates payable (note 9)	1,806,369	1,949,657
Current portion of loan payable (note 7)	4,573,076	596,064
	190,573,647	158,710,630
Loan Payable (note 7)	-	4,410,043
	190,573,647	163,120,673
Net Assets		
Unrestricted	40,495,645	27,253,292
Internally Restricted for Specific Programs	49,810,644	52,117,310
Externally Restricted	9,270,076	8,929,668
	99,576,365	88,300,270
	\$ 290,150,012	\$ 251,420,943

Commitment and Contingencies (notes 11 and 12)

Approved by The Roman Catholic Archbishop of Vancouver:



**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
JOHN PAUL II PASTORAL CENTRE
Statement of Operations
Year Ended December 31**

	2021	2020
Revenues		
Diocesan assessments (note 9)	\$ 4,124,647	\$ 4,917,842
Project Advance - general	850,000	800,000
Legacies, bequests and donations	624,598	311,880
Rent	117,540	138,400
Canada Emergency Wage Subsidy	42,873	1,470,170
	5,759,658	7,638,292
Expenditures		
Archdiocesan operating expenses (Note 8)	6,418,797	6,437,812
Archdiocesan grants (schedule 1)	583,831	433,336
	7,002,628	6,871,148
Excess (Deficiency) of Revenues over Expenditures Before Other Items		
	(1,242,970)	767,144
Other Items		
Investment Income (Expenditures)		
Interest	6,450,469	6,619,621
Investment income distribution	(3,147,193)	(3,557,467)
Investment management fees	(713,844)	(614,324)
	2,589,432	2,447,830
Property Income (Expenditures) (note 2(d))		
Sale of properties	12,677,772	136,639
General property carrying costs	(357,325)	(594,784)
	12,320,447	(458,145)
Excess of Revenues over Expenditures for year		
	13,666,909	2,756,829
Unrestricted Net Assets, Beginning of Year	27,253,292	24,746,463
Transfer to Internally Restricted Funds	(424,556)	(250,000)
Unrestricted Net Assets, End of Year	\$ 40,495,645	\$ 27,253,292

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
 JOHN PAUL II PASTORAL CENTRE
 Statement of Changes in Net Assets
 Year Ended December 31

	2021		
	Unrestricted	Internally Restricted	Total
Balance, Beginning of Year	\$ 27,253,292	\$ 52,117,310	\$ 79,370,602
Excess of Revenues over Expenditures	13,666,909	-	13,666,909
Internally Restricted Program Transactions	-	(2,737,158)	(2,737,158)
Transfers from Externally Restricted Funds	-	5,936	5,936
Transfers to Internally Restricted Funds	(424,556)	424,556	-
Balance, End of Year	\$ 40,495,645	\$ 49,810,644	\$ 90,306,289

	2020		
	Unrestricted	Internally Restricted	Total
Balance, Beginning of Year	\$ 24,746,463	\$ 54,500,064	\$ 79,246,527
Excess of Revenues over Expenditures	2,756,829	-	2,756,829
Internally Restricted Program Transactions	-	(2,632,754)	(2,632,754)
Transfers from Externally Restricted Funds	-	-	-
Transfers to Internally Restricted Funds	(250,000)	250,000	-
Balance, End of Year	\$ 27,253,292	\$ 52,117,310	\$ 79,370,602

See notes to financial statements.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
 JOHN PAUL II PASTORAL CENTRE
 Statement of Operations and Changes in Net Assets Internally Restricted for Specific Programs
 Year Ended December 31

	Balance, December 31, 2020	Transfers from (to) Restricted Net Assets	Program Revenues (Expenditures), net	Transfers from (to) Unrestricted Net Assets	Balance, December 31, 2021
Secondary School Construction Fund	\$ 13,067,628	\$ -	\$ (1,582,595)	\$ -	\$ 11,485,033
Retreat Centre	13,665,278	-	19,134	-	13,684,412
Low-Interest Revolving Fund	8,679,829	-	422	-	8,680,251
Sites Fund	4,088,551	-	-	-	4,088,551
Self-insurance	3,256,405	-	(399,149)	-	2,857,256
Evangelization	1,070,649	-	(70,852)	-	999,797
Clergy Care	1,840,274	-	(25,365)	-	1,814,909
Seminary and Vocations	1,048,007	-	(198,311)	-	849,696
St. Joseph's Clergy Residence	1,132,492	-	-	-	1,132,492
Catholic Education 2000	28,020	-	-	-	28,020
Archbishop Fundraising: St. John Vianney	1,151,857	-	(11,534)	-	1,140,323
Chapel	420,151	-	(11,672)	-	408,479
Deacon Formation	332,479	-	(67,687)	-	264,792
Catholic Ethics	181,039	-	(25,000)	-	156,039
Archbishop Fundraising: Catholic Charities	337,194	-	6,021	-	343,215
Holy Rosary Cathedral Renovations	312,296	-	-	-	312,296
Special Events	135,576	-	-	-	135,576
Archbishop's Restricted Fund	176,095	-	42,302	-	218,397
Chaplaincies	143,221	-	(254,997)	111,776	-
Youth Ministry	26,249	-	(11,723)	-	14,526
Archbishop's Discretionary Fund	75,982	-	7,290	-	83,272
Truth and Reconciliation	39,776	-	537,657	-	577,433
Crozier Fund	6,087	-	(6,087)	-	-
Archbishop's Crisis Response Fund	493,008	-	(370,000)	-	123,008
Lay Formation	366,274	-	16,870	-	383,144
Christmas Project 2020	(12,799)	-	12,846	-	47
All Were Filled Project	55,692	5,936	(32,193)	-	29,435
Continuing Education of the Clergy	-	-	245	-	245
Strategic Initiatives Fund	-	-	(296,579)	296,579	-
Indigenous Relations	-	-	(16,201)	16,201	-
	\$ 52,117,310	\$ 5,936	\$ (2,737,158)	\$ 424,556	\$ 49,810,644

See notes to financial statements.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
JOHN PAUL II PASTORAL CENTRE
Statement of Operations and Changes in Net Assets Internally Restricted for Specific Programs
Year Ended December 31

	Balance, December 31, 2019	Transfers from (to) Restricted Net Assets	Program Revenues (Expenditures), net	Transfers from (to) Unrestricted Net Assets	Balance, December 31, 2020
Secondary School Construction Fund	\$ 13,945,033	\$ -	\$ (877,405)	\$ -	\$ 13,067,628
Retreat Centre	13,582,935	-	82,343	-	13,665,278
Low-Interest Revolving Fund	8,602,145	-	77,684	-	8,679,829
Sites Fund	4,088,551	-	-	-	4,088,551
Self-insurance	3,892,548	-	(636,143)	-	3,256,405
Evangelization	1,963,975	-	(893,326)	-	1,070,649
Clergy Care	1,858,845	-	(18,571)	-	1,840,274
Seminary and Vocations	1,194,234	-	(146,227)	-	1,048,007
St. Joseph's Clergy Residence	1,121,340	-	11,152	-	1,132,492
Catholic Education 2000	871,461	-	(843,441)	-	28,020
Archbishop Fundraising: St. John Vianney	846,077	-	305,780	-	1,151,857
Chapel	441,036	-	(20,887)	-	420,151
Deacon Formation	401,331	-	(68,852)	-	332,479
Catholic Ethics	357,542	-	(176,503)	-	181,039
Archbishop Fundraising: Catholic Charities	333,440	-	3,754	-	337,194
Holy Rosary Cathedral Renovations	309,221	-	3,075	-	312,296
Continuing Education of Clergy	136,530	-	(136,530)	-	-
Special Events	134,241	-	1,335	-	135,576
Archbishop's Restricted Fund	122,445	-	53,650	-	176,095
Chaplaincies	109,714	-	(216,493)	250,000	143,221
Youth Ministry	83,516	-	(57,267)	-	26,249
Archbishop's Discretionary Fund	35,676	-	40,306	-	75,982
Truth and Reconciliation	37,436	-	2,340	-	39,776
Crozier Fund	30,790	-	(24,703)	-	6,087
Archbishop's Crisis Response Fund	-	-	493,008	-	493,008
Lay Formation	-	-	366,274	-	366,274
Christmas Project 2020	-	-	(12,799)	-	(12,799)
All Were Filled Project	-	-	55,692	-	55,692
	\$ 54,500,064	\$ -	\$ (2,632,754)	\$ 250,000	\$ 52,117,310

See notes to financial statements.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
JOHN PAUL II PASTORAL CENTRE
Statement of Operations and Changes in Net Assets Externally Restricted
Year Ended December 31**

	2021	2020
Revenues	\$ 1,014,830	\$ 1,439,003
Expenditures	(668,486)	(809,543)
Excess of Revenues over Expenditures	346,344	629,460
Balance, Beginning of Year	8,929,668	8,300,208
Transfer to Internally Restricted Funds	(5,936)	-
Balance, End of Year	\$ 9,270,076	\$ 8,929,668

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
JOHN PAUL II PASTORAL CENTRE
Statement of Cash Flows
Year Ended December 31

	2021	2020
Operating Activities		
Excess of revenues over expenditures	\$ 13,666,909	\$ 2,756,829
Internally restricted program transactions	(2,737,158)	(2,632,754)
Excess of revenues over expenditures - externally restricted	346,344	629,460
Sale of properties	(12,677,772)	(136,639)
Items not involving cash		
Accrued interest on Loan to Notre Dame	(79,994)	-
Accrued interest on Loan to Gardens of Gethsemani	(210,758)	(243,750)
	(1,692,429)	373,146
Changes in non-cash working capital		
Amounts receivable	497,218	980,054
Prepaid expenses	(3,617)	(22,471)
Accounts payable and accrued liabilities	641,548	369,153
Deposits from Parishes and Agencies	27,574,428	6,292,946
Collections payable	(186,683)	179,253
Parish Project Advance rebates payable	(143,288)	592,864
	28,379,606	8,391,799
Cash Provided by Operating Activities	26,687,177	8,764,945
Investing Activities		
Investments purchased and redeemed, net	(36,457,283)	(767,355)
Proceeds from sale of properties	12,677,772	136,639
Repayments from Notre Dame	433,031	419,129
Loan to Notre Dame	(558,342)	(2,924,267)
Loans to other parishes, net	(4,732,631)	631,974
Loan to Gardens of Gethsemani	552,598	(1,000,000)
Cash Used in Investing Activities	(28,084,855)	(3,503,880)
Financing Activity		
Repayments of loan payable	(433,031)	(419,129)
Inflow (Outflow) of Cash	(1,830,709)	4,841,936
Cash, Beginning of Year	9,341,794	4,499,858
Cash, End of Year	\$ 7,511,085	\$ 9,341,794

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
JOHN PAUL II PASTORAL CENTRE
Notes to Financial Statements
Year Ended December 31, 2021

1. NATURE OF OPERATIONS

The Roman Catholic Archbishop of Vancouver, the Corporate Sole, was incorporated by a special act of the BC Legislature on March 12, 1909 and amended on December 9, 1938 (the "Archdiocese"). The Archdiocese of Vancouver operates in the geographical area known as the Lower Mainland, and its activities include receiving deposits on behalf of parishes, schools, and agencies for purposes of earning investment income.

The Corporate Sole is a civil law statute for the holding and administering of real and personal property pertaining to the Archdiocese, including its parishes, in accordance with its fiduciary obligations arising out of Canon Law.

The Archdiocesan accounts are maintained at the John Paul II Pastoral Centre Office. This office directs all the non-parish administrative activities of the Archdiocese under the guidance and direction of the Archbishop of Vancouver.

The Archdiocese is registered as a charitable organization and is exempt from income taxes under section 149(1)(f) of the *Income Tax Act* (Canada). The Archdiocese issues charitable donation receipts for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Archdiocese were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), except as disclosed in note 2(d), and include the following significant accounting policies:

(a) Basis of presentation

The statement of financial position and statement of operations reflect only the John Paul II Pastoral Centre activities of the Archdiocese. These financial statements exclude the divisional accounts and activities of the entities below as they are not required to be consolidated. The entities are as follows:

- The Catholic Independent Schools of the Vancouver Archdiocese
- Gardens of Gethsemani, St. Peter's Cemetery and St. Mary's Cemetery – the Archdiocesan cemetery operations
- Saint Joseph's Society
- Archdiocesan services and societies that receive pastoral grants. These include:
 - B.C. Catholic Newspaper
 - Catholic Charities

The accounts of the 77 parishes within the Archdiocese, which are related by the common control of The Roman Catholic Archbishop of Vancouver, do not need to be consolidated with these financial statements but transactions are disclosed in note 9.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Fund accounting

The Archdiocese follows the restricted fund method of accounting for contributions.

(i) Unrestricted

This fund represents revenue from diocesan assessments, unrestricted general donations and investment gains (losses) used to cover the Archdiocese's operating and administration costs and assistance granted to certain parishes. The fund balance represents the accumulated excess (deficiency) of revenues over expenditures from general operations and net of property transaction income (costs) not attributable to the Sites and Secondary School Construction funds and transfers from (to) internally restricted funds.

(ii) Internally restricted

These are funds specifically set aside to cover costs for specific programs.

(iii) Externally restricted

These are funds received from donors that have specific restrictions. Any interest earned by certain funds is to be used for specific programs.

(c) Revenue recognition

Restricted contributions are recognized as revenue in the year the contribution is received. Unrestricted contributions are recognized in the general fund as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. All legacies, bequests and donations are included as revenue when received or receivable.

Diocesan assessments are comprised of parish assessments and assessment on the normal operations of the Catholic Cemeteries of the Archdiocese of Vancouver (the "Catholic Cemeteries"). Parish assessments are based on 14.7% (2020 - 14.7%) of the parishes' reported income of Ordinary Collections from the previous year. The assessment to normal operations of the Catholic Cemeteries are based on 14.7% (2020 - 14.7%) of net revenues earned from the year preceding the prior year.

Revenue from sale of properties is recognized in accordance with the terms of the contract.

Rental revenue is recorded as earned on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Revenue recognition (continued)

Investment income on all investments is recorded on an accrual basis. Accrued interest is included in the cost of the investments.

(d) Properties

Properties, furniture and equipment are not capitalized or amortized in accordance with ASNPO. All expenditures for purchases and carrying costs of property assets less any rentals or sale proceeds are charged to operations as current year costs, except for financed acquisitions. There are no financed acquisitions as at year-end.

No amortization has been recorded in the statement of operations, as capital expenditures are fully expensed in the year incurred.

(e) Financial instruments

The Archdiocese initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Archdiocese subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and fixed income investments that are quoted in an active market, and deposits from parishes and agencies, which are measured at fair value.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down would be recognized in excess (deficiency) of revenues over expenditures. In the event a previously recognized impairment loss should be reversed, the amount of the reversal is recognized in excess (deficiency) of revenues over expenditures provided it is not greater than the original amount prior to write-down.

For any financial instrument that is measured at amortized cost, the instrument's cost is adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Financial assets measured at amortized cost include cash, amounts receivable and loans receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, National and Diocesan Collections and Donations payable, Parish Project Advance rebates payable and loan payable.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Use of estimates

The preparation of the Archdiocese's financial statements in conformity with ASNPO may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring the use of estimates relate to the accrual of payables and the collectability of amounts receivable and loans receivable. Management believes these estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(g) Foreign currency translation

Foreign currency transactions and balances are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities at the rate of exchange in effect as at the statement of financial position date; and

(ii) Revenues and expenditures at the rate of exchange on the transaction date.

Gains and losses arising from the translation of foreign currency balances are recorded in the statement of operations for unrestricted net assets for the year.

(h) Government assistance

Government assistance for wages and salaries received as a result of the Government of Canada COVID-19 response program is reported under revenues of the unrestricted fund.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Liquidity risk

Liquidity risk is the risk that the Archdiocese will encounter difficulty in meeting obligations associated with financial liabilities. The Archdiocese is exposed to liquidity risk with regard to accounts payable and accrued liabilities, deposits from parishes and agencies, collections and donations payable, parish project advance rebates payable and loan payable. Cash flows from operations and sale of properties provides a substantial portion of the Archdiocese's cash requirements.

(b) Credit risk

Credit risk related to financial instruments arises from the possibility the counterparty to an instrument may fail to discharge its obligation to the Archdiocese. The Archdiocese's investments and cash are subject to credit risk and the maximum exposure to credit risk on these instruments is their carrying value. The Archdiocese manages this risk by holding its investments and cash with major financial institutions. The Archdiocese does not anticipate that any counterparties will fail to meet their obligations.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(b) Credit risk (continued)

The Archdiocese believes that credit risk in accounts receivable and loans to parishes, agencies and school, including Notre Dame and Gardens of Gethsemani, are minimal as they are under common control of the Corporate Sole.

(c) Interest rate risk

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

The Archdiocese is exposed to interest rate risk on its investment portfolio through its fixed income instruments. Investments are made with different maturity terms ranging from 30 days to 10 years to level out the changes of market rates. The Archdiocese is exposed to interest cash flow risk on its variable securities, loans receivable and loan payable.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As at December 31, 2021, the Archdiocese holds US cash of \$27,240 (2020 - \$70,641) and US dollar denominated investments of \$48,342,476 (2020 - \$38,627,926) at their Canadian dollar equivalent.

(e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Archdiocese is subject to other price risk through its publicly traded instruments and fixed income investments recorded at fair value.

4. INVESTMENTS

Unrestricted

These investments are for the general operations of the Archdiocese.

Restricted

These investments have been set aside to fully collateralize the deposits received from parishes and agencies and net assets that are externally restricted where there is an interest obligation.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
JOHN PAUL II PASTORAL CENTRE
Notes to Financial Statements
Year Ended December 31, 2021

4. INVESTMENTS (Continued)

Investments are represented as follows:

	2021	2020
Accrued interest	\$ 12,942	\$ 938,296
At fair value		
Cash holdings in investment account	3,033,139	2,417,719
Fixed income investments	57,327,272	85,411,852
Common shares	55,164,605	43,717,830
Interest bearing deposits	40,421,896	10,279,968
Mutual funds	38,439,461	19,121,888
Foreign securities	15,985,710	13,794,669
Preferred shares	13,350,480	11,596,000
	223,722,563	186,339,926
	\$ 223,735,505	\$ 187,278,222

Included in interest bearing deposits are guaranteed investment certificates of \$10,047,240 (2020 - \$10,279,968) with maturity dates of less than 12 months.

5. LOANS RECEIVABLE

	2021	2020
Notre Dame bank loan	\$ 4,573,076	\$ 5,006,107
Notre Dame loan	3,482,609	2,924,267
Accrued interest	79,994	-
Current portion from Notre Dame bank loan	(4,573,076)	(596,064)
	3,562,603	7,334,310
Parishes	34,391,306	30,040,773
Schools	4,756,200	3,900,000
Agencies	1,874,083	2,348,185
	41,021,589	36,288,958
	\$ 44,584,192	\$ 43,623,268

The Notre Dame bank loan bears interest at 3.39% (2020 - 3.39%) and has set repayment terms that match the bank loan, as stated in note 7.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
JOHN PAUL II PASTORAL CENTRE
Notes to Financial Statements
Year Ended December 31, 2021

5. LOANS RECEIVABLE (Continued)

During the year, the Archdiocese disbursed \$558,342 (2020 - \$2,924,267) to Notre Dame. The loan is unsecured and repayable over 84 months from date of first payment at floating rate at BMO prime of 2.45% interest per annum.

Interest earned from interest-bearing loans from parishes is floating rate at BMO prime of 2.45% per annum (2020 - 2.45% to 3.95%).

Loan receivable from a school is interest-free with no set repayment terms.

6. AMOUNTS RECEIVABLE FROM GARDENS OF GETHSEMANI

During the year, the Archdiocese disbursed \$nil (2020 - \$1,000,000) to Gardens of Gethsemani. The loan is unsecured and repayable over 12 years at 3.75% interest per annum for the period from January to June 2021 and floating rate at BMO prime of 2.45% per annum starting July 1, 2021.

Included in the year-end balance is accrued interest receivable of \$433,985 (2020 - \$515,541).

	2021	2020
Principal	\$ 6,500,000	\$ 5,500,000
Disbursement	-	1,000,000
Repayments	(260,284)	-
	6,239,716	6,500,000
Accrued interest	433,985	515,541
	\$ 6,673,701	\$ 7,015,541

At year-end, included in amounts receivable is \$314,420 (2020 - \$54,983) due from Gardens of Gethsemani for the Diocesan Assessment and other billed costs.

7. LOAN PAYABLE

	2021	2020
Bank loan - Notre Dame	\$ 4,573,076	\$ 5,006,107
Less: Current portion	4,573,076	596,064
	\$ -	\$ 4,410,043

The bank loan has a contractual term maturity of October 21, 2022, at which date the outstanding balance is payable.

The bank loan consists of a non-revolving credit facility of up to \$7,000,000 (2020 - \$7,000,000) repayable at \$49,672 per month, including interest at 3.39%, and is secured by the investment portfolio held with the lender.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
JOHN PAUL II PASTORAL CENTRE
Notes to Financial Statements
Year Ended December 31, 2021

8. ARCHDIOCESAN OPERATING EXPENSES

Included in Archdiocesan operating expenses are salaries and personnel expenses of \$5,299,771 (2020 - \$5,519,713).

9. RELATED PARTY TRANSACTIONS

The John Paul II Pastoral Centre had the following transactions with the 77 parishes within the Archdiocese and Gardens of Gethsemani. The parishes and Gardens of Gethsemani are related by common control of The Roman Catholic Archbishop of Vancouver, the Corporate Sole.

These transactions are within the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2021	2020
Payments received/receivable from:		
Parishes:		
Project Advance collections	\$ 7,317,281	\$ 6,757,758
Diocesan assessments	3,588,500	4,333,952
Special collections	1,156,563	1,396,567
Insurance premiums assessed	1,930,094	1,788,008
Gardens of Gethsemani:		
Diocesan assessments	536,147	583,890
Charitable works	55,000	55,000
Interest earned on loan	210,758	243,750
Advertising services	60,000	60,000
Insurance	17,428	15,037
Low-interest rate subsidy	62,468	-
	\$ 14,934,239	\$ 15,233,962
Payments made to:		
Parishes:		
Project Advance rebates	\$ 2,225,920	\$ 2,477,387
Interest paid on deposit accounts	2,457,701	2,333,648
Youth ministry rebates	25,730	58,258
Low-interest revolving fund interest paid	159,993	83,448
	\$ 4,869,344	\$ 4,952,741

In addition to the Project Advance rebates paid during the year, \$1,806,369 (2020 - \$1,949,657) was payable at year-end and is included in Parish Project Advance rebates payable.

Deposits from parishes, agencies and certain externally restricted funds totaling \$181,811,291 (2020 - \$154,231,637) represent funds received for purposes of earning investment income. The effective interest rate of the deposits is 2.51% per annum for January to June 2021 and 1.59% per annum for July to December 2021 (2020 - 2.15% to 2.16% and 2.15% to 2.16% per annum, respectively).

10. GUARANTEES

The Archdiocese is the guarantor to its bank for letters of credit issued in the amount of \$429,519 (2020 - \$509,341).

11. COMMITMENT

In 2016, the Archdiocese committed to funding the operations and theological education of St. Mark's College and Corpus Christi College, aggregating \$1,000,000 that expired in 2020. During 2020, the Archdiocese committed an additional \$500,000 expiring in 2022.

The Archdiocese has a remaining commitment of \$200,000 for 2022.

12. CONTINGENCIES

Contingent assets

The Archdiocese has been designated owner/beneficiary of one unfunded term life insurance policy. The proceeds will be receivable on the death of the insured.

Contingent liabilities

The Archdiocese has been named as a defendant in claims seeking unspecified damages. It is not possible at this time to predict with any certainty the outcome of the claims.

13. PENSION PLAN

The Archdiocese contributes to a defined contribution pension plan on behalf of its current employees, excluding clergy. This plan is available to certain permanent employees immediately upon hiring.

The Archdiocese matches employee contributions. The employee has an option of selecting a 3% or 7% contribution of their annual salary. Employees are entitled to full vesting of their employee and employer contributions and investment earnings immediately after membership in the plan. The 2021 employer contributions were \$243,150 (2020 - \$265,058).

14. COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform to the presentation adopted in the current year.

15. IMPACT OF COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in economic effects on global markets due to the ongoing disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing). The duration and impact of the COVID-19 outbreak is unknown at this time.

The Archdiocese adapted its operations to mitigate the financial impact of COVID-19; however, the impact of the pandemic on the Archdiocese's future operations cannot be reliably estimated at this time.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
JOHN PAUL II PASTORAL CENTRE
Archdiocesan Grants
Year Ended December 31

Schedule 1

	2021	2020
Project Advance Grants	\$ 246,219	\$ 100,000
St. Mark's College and Corpus Christi College	200,000	275,000
Corpus Christi Elementary School	75,000	-
Catholic Health Association of B.C.	40,000	40,000
Roman Catholic Diocese of Whitehorse	22,612	18,336
	\$ 583,831	\$ 433,336