

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

**Financial Statements  
December 31, 2020**

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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, 2020;
- ♦ 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, 2020 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*

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. 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 years ended December 31, 2020 and 2019 and property and equipment and total assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years.

Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of the 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  
May 27, 2021

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

	2020	2019 (note 14)
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 9,341,794	\$ 4,499,858
Amounts receivable	3,400,832	4,380,886
Prepaid expenses	218,543	196,072
Current portion of loans receivable from Notre Dame (note 5)	596,064	596,064
	13,557,233	9,672,880
<b>Investments (note 4)</b>		
Unrestricted	33,046,585	38,543,839
Restricted	154,231,637	147,967,028
	187,278,222	186,510,867
<b>Loans Receivable from Parishes, Agencies and School (note 5)</b>	36,235,637	36,867,611
<b>Loan Receivable from Notre Dame (note 5)</b>	7,334,310	4,829,172
<b>Loan Receivable from Gardens of Gethsemani (note 6)</b>	7,015,541	5,771,791
	50,585,488	47,468,574
	\$ 251,420,943	\$ 243,652,321
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,435,793	\$ 1,066,640
Deposits from Parishes and Agencies (note 8)	151,648,188	145,355,242
National and Diocesan Collections and Donations payable	3,080,928	2,901,675
Parish Project Advance rebates payable (note 8)	1,949,657	1,356,793
Current portion of loans payable (note 7)	596,064	596,064
	158,710,630	151,276,414
<b>Loan Payable (note 7)</b>	4,410,043	4,829,172
	163,120,673	156,105,586
<b>Net Assets</b>		
<b>Unrestricted</b>	27,253,292	24,746,463
<b>Internally Restricted for Specific Programs</b>	52,117,310	54,500,064
<b>Externally Restricted</b>	8,929,668	8,300,208
	88,300,270	87,546,735
	\$ 251,420,943	\$ 243,652,321

Commitments and Contingencies (notes 10 and 11)

Approved by The Roman Catholic Archbishop of Vancouver:

*+ J. Michael Miller CSB*

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

	<b>2020</b>	<b>2019</b>
		(note 14)
<b>Revenues</b>		
Diocesan assessments (note 8)	\$ 4,917,842	\$ 4,747,421
Project Advance - general	800,000	950,000
	<b>5,717,842</b>	<b>5,697,421</b>
<b>Expenditures</b>		
Archdiocesan operating expenses (schedule 1)	5,881,365	8,325,728
Archdiocesan grants (schedule 2)	433,336	521,414
	<b>6,314,701</b>	<b>8,847,142</b>
<b>Deficiency Before Other Items</b>	<b>(596,859)</b>	<b>(3,149,721)</b>
<b>Other Expenditures</b>		
Audit	122,641	88,534
Consulting	209,515	182,070
Legal costs	85,891	148,694
	<b>(418,047)</b>	<b>(419,298)</b>
<b>Other Revenues</b>		
Interest	6,619,621	5,284,924
Legacies, bequests and donations	311,880	2,006,424
Canada Emergency Wage Subsidy	1,470,170	-
	<b>8,401,671</b>	<b>7,291,348</b>
Investment income distribution	(3,557,467)	(3,554,645)
Investment management fees	(614,324)	(562,966)
	<b>4,229,880</b>	<b>3,173,737</b>
<b>Excess (Deficiency) of Revenue over Expenditures Before Property Transactions</b>	<b>3,214,974</b>	<b>(395,282)</b>
<b>Property Transactions</b> (note 2(d))		
Income (expenditures)		
Sale of properties	136,639	-
General property carrying costs	(594,784)	(481,909)
	<b>(458,145)</b>	<b>(481,909)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>2,756,829</b>	<b>(877,191)</b>
Unrestricted Net Assets, Beginning of Year	24,746,463	25,645,503
Transfer to Internally Restricted Funds	(250,000)	(651,585)
Transfer from Internally Restricted Funds	-	629,736
<b>Unrestricted Net Assets, End of Year</b>	<b>\$ 27,253,292</b>	<b>\$ 24,746,463</b>

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

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

	<b>2019</b>					
	<b>Unrestricted</b>			<b>Internally Restricted</b>		<b>Total</b>
	General	Sites (note 14)	Secondary School Construction (note 14)	(note 14)		
<b>Balance, Beginning of Year</b>	\$ 25,645,503	\$ 3,812,684	\$ 19,230,033	\$ 36,744,252	\$	85,432,472
<b>Prior Period Adjustment (note 14)</b>	-	(3,812,684)	(19,230,033)	23,235,056		192,339
<b>Adjusted Balance, Beginning of Year</b>	25,645,503	-	-	59,979,308		85,624,811
<b>Deficiency of Revenues over Expenditures Internally Restricted Program Transactions</b>	(877,191)	-	-	-		(877,191)
<b>Transfers to Internally Restricted Funds</b>	-	-	-	(5,501,093)		(5,501,093)
<b>Transfers from Internally Restricted Funds</b>	(651,585)	-	-	651,585		-
	629,736	-	-	(629,736)		-
<b>Balance, End of Year</b>	\$ 24,746,463	\$ -	\$ -	\$ 54,500,064	\$	79,246,527

**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**

	<b>Balance, December 31, 2019</b>	Transfers from Unrestricted Net Assets	Program Revenues (Expenditures), net	Transfers to Unrestricted Net Assets	<b>Balance, December 31, 2020</b>
	(note 14)				
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	441,038	-	(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	250,000	(216,493)	-	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
	<b>\$ 54,500,064</b>	<b>\$ 250,000</b>	<b>\$ (2,632,754)</b>	<b>\$ -</b>	<b>\$ 52,117,310</b>

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**

	<b>Balance, December 31, 2018</b>	Transfers from Unrestricted Net Assets	Program Revenues (Expenditures), net	Transfers to Unrestricted Net Assets	<b>Balance, December 31, 2019</b>
					(note 14)
Secondary School Fund	\$ 19,230,033	\$ -	\$ (5,285,000)	\$ -	\$ 13,945,033
Retreat Centre	13,323,760	-	259,175	-	13,582,935
Low-Interest Revolving Fund	8,584,288	-	17,857	-	8,602,145
Sites Fund	3,812,684	-	275,867	-	4,088,551
Self-insurance	3,935,286	-	339,781	(382,519)	3,892,548
Evangelization	2,388,772	-	(414,975)	(9,822)	1,963,975
Clergy Care	1,925,833	-	25,807	(92,795)	1,858,845
Seminary and Vocations	965,900	-	228,334	-	1,194,234
St. Joseph's Clergy Residence	1,099,081	-	22,259	-	1,121,340
Catholic Education 2000	1,241,019	-	(369,558)	-	871,461
Archbishop Fundraising: St. John Vianney	1,084,004	-	(237,927)	-	846,077
Chapel	443,789	-	(2,751)	-	441,038
Deacon Formation	413,089	-	(11,758)	-	401,331
Catholic Ethics	-	357,542	-	-	357,542
Archbishop Fundraising: Catholic Charities	326,820	-	6,620	-	333,440
Holy Rosary Cathedral Renovations	306,879	-	2,342	-	309,221
Continuing Education of Clergy	271,504	-	(134,974)	-	136,530
Special Events	132,911	-	1,330	-	134,241
Archbishop's Restricted Fund	131,119	-	(8,674)	-	122,445
Chaplaincies	100,711	294,043	(285,040)	-	109,714
Youth Ministry	101,450	-	82,066	(100,000)	83,516
Archbishop's Discretionary Fund	61,220	-	(25,544)	-	35,676
Truth and Reconciliation	30,580	-	6,856	-	37,436
Crozier Fund	68,576	-	6,814	(44,600)	30,790
	<b>\$ 59,979,308</b>	<b>\$ 651,585</b>	<b>\$ (5,501,093)</b>	<b>\$ (629,736)</b>	<b>\$ 54,500,064</b>

**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**

	<b>2020</b>	<b>2019</b>
<b>Revenues</b>	\$ 1,439,003	\$ 1,192,730
<b>Expenditures</b>	(809,543)	(838,736)
<b>Excess of Revenues over Expenditures</b>	629,460	353,994
<b>Balance, Beginning of Year</b>	8,300,208	7,946,214
<b>Balance, End of Year</b>	\$ 8,929,668	\$ 8,300,208

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

	<b>2020</b>	<b>2019</b>
		(note 14)
<b>Operating Activities</b>		
Excess (deficiency) of revenues over expenditures	\$ 2,756,829	\$ (877,191)
Internally restricted program transactions	(2,632,754)	(5,501,093)
Excess of revenues over expenditures - externally restricted	629,460	353,994
Sale of properties	(136,639)	-
Items not involving cash		
Write-off of mortgage	-	135,000
Accrued interest on Loan to Gardens of Gethsemani	(243,750)	(197,000)
	<b>373,146</b>	<b>(6,086,290)</b>
Changes in non-cash working capital		
Amounts receivable	980,054	(563,827)
Prepaid expenses	(22,471)	(26,768)
Interest accrued on investments	-	(826,774)
Accounts payable	369,153	(3,051,143)
Deposits from parishes and agencies	6,292,946	25,174,482
Collections payable	179,253	(965,900)
Parish Project Advance rebates payable	592,864	157,319
	<b>8,391,799</b>	<b>19,897,389</b>
<b>Cash Provided by Operating Activities</b>	<b>8,764,945</b>	<b>13,811,099</b>
<b>Investing Activities</b>		
Investments purchased	(218,082,489)	(112,447,147)
Investments redeemed	217,315,134	102,019,294
Proceeds from sale of properties	136,639	-
Repayments from Notre Dame	419,129	403,690
Loan to Notre Dame	(2,924,267)	-
Loans to other parishes, net	631,974	(3,704,061)
Loan to Gardens of Gethsemani	(1,000,000)	(2,000,000)
<b>Cash Used in Investing Activities</b>	<b>(3,503,880)</b>	<b>(15,728,224)</b>
<b>Financing Activities</b>		
Repayments of loan payable	(419,129)	(403,690)
<b>Inflow (Outflow) of Cash</b>	<b>4,841,936</b>	<b>(2,320,815)</b>
<b>Cash, Beginning of Year</b>	<b>4,499,858</b>	<b>6,820,674</b>
<b>Cash, End of Year</b>	<b>\$ 9,341,794</b>	<b>\$ 4,499,858</b>

**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, and in accordance with its fiduciary obligations arising out of Canon Law.

The Archdiocesan accounts are maintained at the 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 John Paul II Pastoral Centre is one such operation.

The Archdiocese is registered as a charitable organization and 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 following:

- 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

These financial statements do not consolidate the accounts of the 77 parishes within the Archdiocese (see note 8), which are related by the common control of The Roman Catholic Archbishop of Vancouver.

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(b) Fund accounting

The John Paul II Pastoral Centre 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 net excess (deficiency) of revenue over expenditures from general operations and net of property transaction income (costs) not attributable to the Sites and Secondary School 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 principal or interest earned from these amounts 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.

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% (2019 - 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% (2019 - 14.7%) of net revenues earned from the year preceding the prior year.

These financial statements do not report as revenue funds collected on behalf of parishes that are subsequently disbursed to various intended recipients for which the collections are made.

Revenue from sale of properties is recognized upon the closing of the transaction and when the amount to be received can be reasonably measured and collection is reasonably assured.

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(c) Revenue recognition (continued)

Interest 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 any investments in equity instruments and fixed income investments that are quoted in an active market, 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. These transaction costs are amortized into income on a straight-line basis over the term of the instrument. All other transaction costs are recognized in net income in the period incurred.

(f) Use of estimates

The preparation of the John Paul II Pastoral Centre'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 accounts receivables and loans. Management believes these estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(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 salary received as a result of the Government of Canada COVID-19 response program is reported under other revenue.

**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 with parishes and agencies, collections payable, parish project advance rebates payable and loans payable. Cash flows from operations and sale of properties provides a substantial portion of the John Paul II Pastoral Centre'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 holdings its investments and cash with major financial institutions. The Archdiocese does not anticipate that any counterparties will fail to meet their obligations.

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.

**3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

(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 the market rates. The Archdiocese is exposed to interest cash flow risk on its variable securities, loans receivable and loans 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, 2020, the Archdiocese holds US cash of \$70,641 (2019 - \$158,991) and US dollar denominated investments of \$38,627,926 (2019 - \$36,479,134) 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, 2020**

**4. INVESTMENTS (Continued)**

Investments are represented as follows:

	<b>2020</b>	<b>2019</b>
Accrued interest	\$ 938,296	\$ 826,774
At fair value		
Cash holdings in investment account	2,417,719	2,431,733
Fixed income investments	85,411,852	92,705,245
Common shares	43,717,830	40,998,253
Mutual funds	19,121,888	18,146,557
Guaranteed investment certificates	10,279,968	8,028,294
Preferred shares	11,596,000	10,943,291
Foreign securities	13,794,669	12,430,721
	186,339,926	185,684,094
	\$ 187,278,222	\$ 186,510,867

**5. LOANS RECEIVABLE**

	<b>2020</b>	<b>2019</b>
Notre Dame bank loan	\$ 5,006,107	\$ 5,425,236
Notre Dame loan	2,924,267	-
Current portion from Notre Dame bank loan	(596,064)	(596,064)
	7,334,310	4,829,172
Parishes	29,987,453	31,527,144
School	3,900,000	4,200,000
Agencies	2,348,185	1,140,467
	36,235,637	36,867,611
	\$ 43,569,947	\$ 41,696,783

The Notre Dame bank loan bears interest at 3.39% (2019 – 3.39%) and has set repayment terms that match the bank loan, as stated in note 7.

During the year, the Archdiocese disbursed \$2,924,267 to Notre Dame. The loan is unsecured and repayable over 84 months at 2.45% interest per annum. Interest will be charged once the total amount of loan has been disbursed.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**JOHN PAUL II PASTORAL CENTRE**  
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**5. LOANS RECEIVABLE (Continued)**

Interest earned from interest-bearing loans from parishes ranged from 2.45%-3.95% (2019 – 3.95%).

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

During the year, interest-free loans were made available to parishes who were in financial need due to the COVID-19 pandemic. As at December 31, 2020 there was one parish loan funded in the amount of \$15,000 which was subsequently repaid in early 2021.

**6. AMOUNTS RECEIVABLE FROM GARDENS OF GETHSEMANI**

During the year, the Archdiocese disbursed \$1,000,000 (2019 - \$2,000,000 ) to Gardens of Gethsemani. The loan is unsecured and repayable over 12 years at 3.75% interest per annum. Repayment of the loan was initially agreed to begin upon completion of the Phase 1 project of Gardens of Gethsemani but was deferred due to plans in converting the loan to a commercial loan.

Included in the year-end balance is accrued interest of \$515,541 (2019 - \$271,791).

	<b>2020</b>	<b>2019</b>
Principal	\$ 5,500,000	\$ 3,500,000
Disbursement	1,000,000	2,000,000
	6,500,000	5,500,000
Accrued interest	515,541	271,791
	\$ 7,015,541	\$ 5,771,791

At year-end, included in amounts receivable is \$54,983 (2019 - \$864,545) due from Gardens of Gethsemani for the Diocesan Assessment and other billed costs.

**7. LOAN PAYABLE**

	<b>2020</b>	<b>2019</b>
Bank loan - Notre Dame	\$ 5,006,107	\$ 5,425,236
Less: Current portion	596,064	596,064
	\$ 4,410,043	\$ 4,829,172

The above bank loan consists of a non-revolving credit facility of up to \$7,000,000 (2019 - \$7,000,000) repayable at \$49,672 per month, including interest at 3.39%, maturing October 21, 2022 and is secured by the investment portfolio held with the lender.

Bank loan repayments to be made during the next two years are as follows:

2021	\$ 596,064
2022	4,410,043
	\$ 5,006,107

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**JOHN PAUL II PASTORAL CENTRE**  
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**8. 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.

	<b>2020</b>	<b>2019</b>
Payments received/receivable from:		
Parishes:		
Project Advance collections	\$ 6,757,758	\$ 7,401,675
Diocesan assessments	4,333,952	4,266,444
Special collections	1,396,567	2,064,246
Insurance premiums assessed	1,788,008	1,742,865
Gardens of Gethsemani:		
Diocesan assessments	583,890	480,977
Charitable works	55,000	55,000
Interest earned on loan	243,750	197,003
Advertising services	60,000	60,000
Insurance	15,037	4,587
	<b>\$ 15,233,961</b>	<b>\$ 16,272,797</b>
Payments made to:		
Parishes:		
Project Advance rebates	\$ 2,477,387	\$ 2,469,520
Interest paid on deposit accounts	2,333,648	2,545,807
Youth ministry rebates	58,258	65,844
Low-interest revolving fund interest paid	83,448	155,102
	<b>\$ 4,952,741</b>	<b>\$ 5,236,273</b>

In addition to the Project Advance rebates paid during the year, \$1,949,657 (2019 - \$1,356,793) were still payable as at year-end and are included in Parish Project Advance rebates payable.

Deposits from parishes and agencies totaling \$151,648,188 (2019 - \$145,355,242) represent funds received for purposes of earning investment income and are repayable upon demand. The effective interest rate of the deposits ranges from 2.50% to 2.51% for January to June 2020 and 2.30% to 2.32% for July to December 2020 (2019 – 2.50% to 2.51% and 2.30% to 2.32%, respectively).

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**JOHN PAUL II PASTORAL CENTRE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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**9. GUARANTEES**

The Archdiocese is the guarantor to its bankers for letters of credit issued in the amount of \$509,341 (2019 - \$616,205).

**10. COMMITMENTS**

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 during the year. The Archdiocese committed an additional \$500,000 expiring in 2022.

The Archdiocese's remaining commitments for the next two years are as follows:

2021	\$	200,000
2022		200,000
	\$	400,000

**11. 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.

**12. PENSION PLAN**

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

The Archdiocese matches employee contributions. The employee has an option of selecting a 3% or 7% contribution of their salary. Employees are entitled to full vesting of their employee and employer contributions and investment earnings immediately after membership in the plan. The 2020 employer's contributions were \$265,058 (2019 - \$249,814).

**13. COMPARATIVE FIGURES**

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

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
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**Year Ended December 31, 2020**

**14. PRIOR PERIOD ADJUSTMENTS**

During the year, the Archdiocese determined that certain balances and transactions for the 2019 year-end should be restated.

- (a) The Secondary School Construction Fund and Sites Fund were previously recorded within unrestricted fund on the statement of financial position. It has been determined that the funds should be accounted for as internally restricted funds for specific programs.
- (b) The Archbishop Restricted Fund and Discretionary Fund were previously recorded under liabilities as deferred revenue on the statement of financial position. It was determined that the funds are internally restricted funds for specific programs.
- (c) Certain revenues and expenses were previously presented in the statement of operations. It has been determined that these transactions should be recognized directly within the internally restricted funds for specific programs.

The effect on the December 31, 2019 financial statements are as follows:

	<b>As Previously Reported</b>	<b>Adjustments</b>	<b>Restated</b>
<b>As at December 31, 2019</b>			
<b>Statement of Financial Position</b>			
Accounts Payable - Archbishop Discretionary Fund and Restricted Fund	\$ (158,121)	\$ 158,121	\$ -
Net Assets Internally Restricted for Specific Programs	(36,472,191)	(18,027,873)	(54,500,064)
Net Assets Unrestricted	(42,616,215)	17,869,752	(24,746,463)
<b>Statement of Operations</b>			
Net revenues(expenses) - transferred to funds	(2,038,088)	1,642,806	(395,282)
Net property transactions and secondary school construction income	(5,009,133)	5,009,133	-
Excess (Deficiency) of Revenues over Expenditures	(7,529,130)	6,651,939	(877,191)
Transfer to Internally Restricted Funds	(879,145)	227,560	(651,585)
Transfer from Internally Restricted Funds	2,336,270	(1,706,534)	629,736
<b>Statement of Operations and Changes in Net Assets Internally Restricted for Specific Programs</b>			
Secondary School Construction Fund	\$ -	\$ (13,945,033)	\$ (13,945,033)
Site Fund	-	(4,088,551)	(4,088,551)
Archbishop Restricted Fund	-	(122,445)	(122,445)
Archbishop Discretionary Fund	-	(35,676)	(35,676)

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER  
 JOHN PAUL II PASTORAL CENTRE  
 Notes to Financial Statements  
 Year Ended December 31, 2020

14. PRIOR PERIOD ADJUSTMENTS (Continued)

	As Previously Reported	Adjustments	Restated
<b>As at January 1, 2019</b>			
<b>Statement of Financial Position</b>			
Accounts Payable - Archbishop Discretionary Fund and Restricted Fund	\$ (192,339)	\$ 192,339	\$ -
Net Assets Internally Restricted for Specific Programs	(36,744,252)	(23,235,055)	(59,979,307)
Net Assets Unrestricted	(48,688,220)	23,042,717	(25,645,503)
<b>Statement of Operations and Changes in Net Assets Internally Restricted for Specific Programs</b>			
Secondary School Construction Fund	\$ -	\$ (19,230,033)	\$ (19,230,033)
Site Fund	-	(3,812,684)	(3,812,684)
Archbishops Restricted Fund	-	(131,119)	(131,119)
Archbishop Discretionary Fund	-	(61,219)	(61,219)

15. IMPACT OF COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial result and condition of the Archdiocese in future periods.

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

**Schedule 1**

	<b>2020</b>	<b>2019</b>
Apostleship of the Sea	\$ 32,801	\$ 41,000
Archbishop's Office	259,931	306,267
Archdiocesan Operations	18,227	1,321,532
Archives	96,264	97,088
Chancellor's Office	217,546	283,073
Communications	325,571	285,247
Development & Ministry	2,022,218	2,639,942
Delegate for Operations	312,123	206,663
Facilities Management	518,151	577,091
Finance	639,000	610,696
Human Resources	164,169	446,659
Information Technology	322,610	538,950
Internal Audit	117,383	118,817
Matrimonial Tribunal	387,294	422,512
Property and Infrastructure	373,553	338,369
Safe Environment	48,393	61,526
Vicar's General Office	26,131	30,296
	<b>\$ 5,881,365</b>	<b>\$ 8,325,728</b>

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

**Schedule 2**

	<b>2020</b>	<b>2019</b>
St. Mark's College and Corpus Christi College	\$ 275,000	\$ 325,000
Project Advance Grants	100,000	100,000
Catholic Health Association of B.C.	40,000	40,000
Roman Catholic Diocese of Whitehorse	18,336	14,856
Holy Trinity Parish	-	39,708
Madonna House	-	1,850
	<b>\$ 433,336</b>	<b>\$ 521,414</b>