

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

**Financial Statements
December 31, 2022**

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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 the Roman Catholic Archbishop of Vancouver - John Paul II Pastoral Centre (the "Archdiocese"), which comprise:

- ♦ the statement of financial position as at December 31, 2022;
- ♦ the statement of operations for the year then ended;
- ♦ the statement of changes in net assets for unrestricted fund and internally restricted for specific programs 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, 2022 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 years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for 2022. Our audit opinion on the financial statements for the year ended December 31, 2021 was also modified accordingly because of the possible effect of this limitation in scope.

As explained in note 2(d), all expenditures for purchases and construction 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 lives. 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 cash flows from operations and investing activities for the years ended December 31, 2022 and 2021 and property and equipment and total assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for 2022. Our audit opinion on the financial statements for the year ended December 31, 2021 was also modified accordingly because of the possible effects of the departure from Canadian accounting standards for not-for-profit organizations.

Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of the limitation in scope and departure from Canadian accounting standards for not-for-profit organizations.

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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.

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- ◆ 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
April 26, 2023

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

	2022	2021
Assets		
Current		
Cash	\$ 20,032,184	\$ 7,511,085
Amounts receivable (note 6)	5,965,827	2,850,293
Prepaid expenses	273,673	222,160
Current portion of loans receivable from Notre Dame (note 5)	900,000	4,573,076
	27,171,684	15,156,614
Investments (note 4 and note 7)		
Unrestricted	55,176,735	41,924,214
Restricted	177,261,957	181,811,291
	232,438,692	223,735,505
Loans receivable from parishes, agencies and school (note 5)	37,540,505	41,021,589
Loan receivable from Notre Dame (note 5)	6,686,395	3,562,603
Loan receivable from Gardens of Gethsemani (note 6)	6,947,701	6,673,701
	51,174,601	51,257,893
	\$ 310,784,977	\$ 290,150,012
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 2,286,681	\$ 2,077,341
Deposits from parishes and agencies (note 9)	174,616,238	179,222,616
National and Diocesan Collections and Donations payable	3,671,458	2,894,245
Parish Project Advance rebates payable (note 9)	1,599,360	1,806,369
Current portion of loan payable (note 7)	-	4,573,076
	182,173,737	190,573,647
Net Assets		
Unrestricted	42,495,063	40,495,645
Internally restricted for specific programs	76,904,078	49,810,644
Externally restricted	9,212,099	9,270,076
	128,611,240	99,576,365
	\$ 310,784,977	\$ 290,150,012

Contingencies (note 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**

	2022	2021
Revenues		
Diocesan assessments (note 9)	\$ 4,599,460	\$ 4,124,647
Project Advance - general	1,150,000	850,000
Program revenues	566,734	360,585
Legacies, bequests and donations	434,005	324,984
Rent	306,713	117,540
Canada Emergency Wage Subsidy	-	42,873
	7,056,912	5,820,629
Expenditures		
Archdiocesan operating expenses (Note 8)	8,144,228	6,418,797
Archdiocesan grants (schedule 1)	714,829	583,831
	8,859,057	7,002,628
Deficiency of Revenues over Expenditures Before Other Items	(1,802,145)	(1,181,999)
Other Items		
Investment Income (Expenditures)		
Interest	7,514,633	6,389,498
Investment income distribution	(3,142,845)	(3,147,193)
Investment management fees	(799,902)	(713,844)
	3,571,886	2,528,461
Property Income (Expenditures) (note 2(d))		
Sale of properties	31,033,835	12,677,772
Purchase of properties	(2,686,358)	-
Construction costs	(972,514)	-
General property carrying costs	(336,458)	(357,325)
	27,038,505	12,320,447
Excess of Revenues over Expenditures for year	28,808,246	13,666,909
Unrestricted Net Assets, Beginning of Year	40,495,645	27,253,292
Transfer to Internally Restricted Funds	(26,808,828)	(424,556)
Unrestricted Net Assets, End of Year	\$ 42,495,063	\$ 40,495,645

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

**Statement of Changes in Net Assets for Unrestricted Fund and Internally Restricted for Specific Programs
Year Ended December 31**

	2022	
	Unrestricted	Internally Restrict
Balance, Beginning of Year	\$ 40,495,645	\$ 49,810,644
Excess of Revenues over Expenditures	28,808,246	-
Internally Restricted Program Transactions	-	284,600
Transfers from Externally Restricted Funds	-	-
Transfers to Internally Restricted Funds	(26,808,828)	26,808,828
Balance, End of Year	\$ 42,495,063	\$ 76,904,078

	2021	
	Unrestricted	Internally Restrict
Balance, Beginning of Year	\$ 27,253,292	\$ 52,117,310
Excess of Revenues over Expenditures	13,666,909	-
Internally Restricted Program Transactions	-	(2,737,150)
Transfers from Externally Restricted Funds	-	5,930
Transfers to Internally Restricted Funds	(424,556)	424,556
Balance, End of Year	\$ 40,495,645	\$ 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, 2021	Transfers from (to) Restricted Net Assets	Program Revenues (Expenditures), net	Transfers from Unrestricted Net Assets
Secondary School Construction Fund	\$ 11,485,033	\$ -	\$ 1,750,000	\$ 10,000,000
Retreat Centre	13,684,412	-	(4,259)	15,000,000
Low-Interest Revolving Fund	8,680,251	-	26,612	
Sites Fund	4,088,551	-	-	
Self-insurance	2,857,256	-	(764,677)	
Evangelization	999,797	-	(56,085)	
Clergy Care	1,814,909	-	(87,151)	
Seminary and Vocations	849,696	-	(10,707)	
St. Joseph's Clergy Residence	1,132,492	-	(11,106)	
Catholic Education 2000	28,020	-	-	
Archbishop Fundraising: St. John Vianney	1,140,323	-	(59,327)	
Chapel	408,479	-	(207)	
Deacon Formation	264,792	-	(80,166)	
Catholic Ethics	156,039	-	(150,000)	50,000
Archbishop Fundraising: Catholic Charities	343,215	-	444,748	
Holy Rosary Cathedral Renovations	312,296	-	(37)	
Special Events	135,576	-	(16,819)	
Archbishop's Restricted Fund	218,397	-	(342,734)	500,000
Chaplaincies	-	-	(232,188)	500,000
Youth Ministry	14,526	-	141,336	
Archbishop's Discretionary Fund	83,272	-	(12,298)	
Truth and Reconciliation	577,433	-	149,355	358,000
Archbishop's Crisis Response Fund	123,008	-	-	
Lay Formation	383,144	-	(87,929)	
Christmas Project 2020	47	-	(47)	
All Were Filled Project	29,435	-	-	
Continuing Education of the Clergy	245	-	(245)	
Strategic Initiatives Fund	-	-	(230,237)	250,000
Indigenous Relations	-	-	(81,226)	150,000
	\$ 49,810,644	\$ -	\$ 284,606	\$ 26,808,000

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 Unrestricted Net Assets
Secondary School Construction Fund	\$ 13,067,628	\$ -	\$ (1,582,595)	-
Retreat Centre	13,665,278	-	19,134	-
Low-Interest Revolving Fund	8,679,829	-	422	-
Sites Fund	4,088,551	-	-	-
Self-insurance	3,256,405	-	(399,149)	-
Evangelization	1,070,649	-	(70,852)	-
Clergy Care	1,840,274	-	(25,365)	-
Seminary and Vocations	1,048,007	-	(198,311)	-
St. Joseph's Clergy Residence	1,132,492	-	-	-
Catholic Education 2000	28,020	-	-	-
Archbishop Fundraising: St. John Vianney	1,151,857	-	(11,534)	-
Chapel	420,151	-	(11,672)	-
Deacon Formation	332,479	-	(67,687)	-
Catholic Ethics	181,039	-	(25,000)	-
Archbishop Fundraising: Catholic Charities	337,194	-	6,021	-
Holy Rosary Cathedral Renovations	312,296	-	-	-
Special Events	135,576	-	-	-
Archbishop's Restricted Fund	176,095	-	42,302	-
Chaplaincies	143,221	-	(254,997)	111,776
Youth Ministry	26,249	-	(11,723)	-
Archbishop's Discretionary Fund	75,982	-	7,290	-
Truth and Reconciliation	39,776	-	537,657	-
Crozier Fund	6,087	-	(6,087)	-
Archbishop's Crisis Response Fund	493,008	-	(370,000)	-
Lay Formation	366,274	-	16,870	-
Christmas Project 2020	(12,799)	-	12,846	-
All Were Filled Project	55,692	5,936	(32,193)	-
Continuing Education of the Clergy	-	-	245	-
Strategic Initiatives Fund	-	-	(296,579)	296,579
Indigenous Relations	-	-	(16,201)	16,201
	\$ 52,117,310	\$ 5,936	\$ (2,737,158)	\$ 424,556

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**

	2022	2021
Revenues	\$ 540,882	\$ 1,014,830
Expenditures	(598,859)	(668,486)
Excess (Deficiency) of Revenues over Expenditures	(57,977)	346,344
Balance, Beginning of Year	9,270,076	8,929,668
Transfer to Internally Restricted Funds	-	(5,936)
Balance, End of Year	\$ 9,212,099	\$ 9,270,076

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

	2022	2021
Operating Activities		
Excess of revenues over expenditures	\$ 28,808,246	\$ 13,666,909
Internally restricted program transactions	284,606	(2,737,158)
Excess of revenues over expenditures - externally restricted	(57,977)	346,344
Sale of properties	(31,033,835)	(12,677,772)
Purchase of properties	2,686,358	-
Items not involving cash		
Accrued interest on Loan to Notre Dame	-	(79,994)
Accrued interest on Loan to Gardens of Gethsemani	(274,000)	(210,758)
	413,398	(1,692,429)
Changes in non-cash working capital		
Amounts receivable	(3,115,534)	497,218
Prepaid expenses	(51,513)	(3,617)
Accounts payable and accrued liabilities	209,340	641,548
Deposits from parishes and agencies	(4,606,378)	27,574,428
National and Diocesan Collections and Donations payable	777,213	(186,683)
Parish Project Advance rebates payable	(207,009)	(143,288)
	(6,993,881)	28,379,606
Cash Provided by (Used in) Operating Activities	(6,580,483)	26,687,177
Investing Activities		
Investments purchased and redeemed, net	(8,703,187)	(36,457,283)
Proceeds from sale of properties	31,033,835	12,677,772
Acquisition of properties	(2,686,358)	-
Repayments from Notre Dame	549,284	433,031
Loan to Notre Dame	-	(558,342)
Loans to other parishes, net of repayments	3,481,084	(4,732,631)
Repayment from Gardens of Gethsemani	-	552,598
Cash Provided by (Used in) Investing Activities	23,674,658	(28,084,855)
Financing Activity		
Repayments of loan payable	(4,573,076)	(433,031)
Inflow (Outflow) of Cash	12,521,099	(1,830,709)
Cash, Beginning of Year	7,511,085	9,341,794
Cash, End of Year	\$ 20,032,184	\$ 7,511,085

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 administers the ecclesiastical, religious, charitable, educational, and temporal affairs of the Archdiocese.

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
- The Gardens of Gethsemani, St. Peter's Cemetery and St. Mary's Cemetery - the Catholic Cemeteries of the Archdiocese of Vancouver.
- Saint Joseph's Society
- B.C. Catholic Newspaper
- Catholic Charities of the Archdiocese of Vancouver
- Archdiocese Missionary Seminary Redemptoris Mater

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 prepares its financial statements using the concept of fund accounting. A description of each fund is as follows:

(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

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

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% (2021 - 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% (2021 - 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)

Interest and dividend income from investments are recorded as earned. Accrued interest is included in the cost of the investments.

Investment gains/losses are recorded upon settlement date.

(d) Properties

Properties, construction costs, leasehold improvements, furniture and equipment are not capitalized or amortized in accordance with ASNPO. All expenditures for purchases and carrying costs of property assets and any sale proceeds are charged to operations as current year costs, except for financed acquisitions.

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 amounts receivable and loans receivable.

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

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 and parish project advance rebates 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.

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. Interest rate risk consists of two components:

- i. To the extent that payments made or received on the Archdiocese's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Archdiocese is exposed to interest rate cash flow risk.
- ii. To the extent that changes in prevailing market interest rates differ from the interest rates on the Archdiocese's monetary assets and liabilities, the Archdiocese is exposed to interest rate price risk.

The Archdiocese is exposed to interest rate price 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 and loans receivable.

(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, 2022, the Archdiocese holds US cash of \$889,635 (2021 - \$27,240) and US dollar denominated investments of \$41,678,646 (2021 - \$48,342,476) 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. The Archdiocese monitors and limits concentration levels of its investments.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
JOHN PAUL II PASTORAL CENTRE
Notes to Financial Statements
Year Ended December 31, 2022

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.

Investments are represented as follows:

	2022	2021
Accrued interest	\$ 212,047	\$ 12,942
At fair value		
Cash holdings in investment account	4,746,753	3,033,139
Fixed income investments	43,753,516	57,327,272
Common shares	49,310,786	55,164,605
Interest bearing deposits	74,223,226	40,421,896
Mutual funds	34,970,809	38,439,461
Foreign securities	14,130,915	15,985,710
Preferred shares	11,090,640	13,350,480
	232,226,645	223,722,563
	\$ 232,438,692	\$ 223,735,505

The cost of the investments at year end is \$234,386,716 (2021 - \$204,316,012).

Included in interest bearing deposits are guaranteed investment certificates of \$53,040,353 (2021 - \$10,047,240) with maturity dates of less than 12 months.

5. LOANS RECEIVABLE

	2022	2021
Notre Dame loan	\$ 7,586,395	\$ 3,482,609
Notre Dame bank loan	-	4,573,076
Accrued interest	-	79,994
Current portion from Notre Dame loan	(900,000)	-
Current portion from Notre Dame bank loan	-	(4,573,076)
	6,686,395	3,562,603
Parishes	31,117,464	34,391,306
Schools	4,574,958	4,756,200
Agencies	1,848,083	1,874,083
	37,540,505	41,021,589
	\$ 44,226,900	\$ 44,584,192

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
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Notes to Financial Statements
Year Ended December 31, 2022

5. LOANS RECEIVABLE

In 2021, the Notre Dame bank loan interest was at 3.39% per annum and had set repayment terms that match the bank loan, as stated in note 7.

During the year, the Archdiocese repaid the bank loan in full and consolidated the loans due from Notre Dame. The Notre Dame loan is unsecured and repayable at \$75,000 monthly for a four-year term with a maximum amortization period of 12 years with a fixed interest rate of 5.00% per annum to December 31, 2023.

Interest earned from interest-bearing loans from parishes is calculated monthly using a floating rate of BMO prime ranging from 2.70% to 5.95% per annum with an average rate of 4.33% per annum (2021 - 2.45%). In December 2022, there were some parishes that moved to a fixed interest rate of 5.00% per annum to December 31, 2023.

Loans receivable for schools are interest-free with no set repayment terms.

6. AMOUNTS RECEIVABLE FROM GARDENS OF GETHSEMANI

	2022	2021
Principal balance before accrued interest	\$ 6,500,000	\$ 6,500,000
Accumulated accrued interest	447,701	433,985
Repayments of interest	-	(260,284)
	447,701	173,701
	\$ 6,947,701	\$ 6,673,701

The loan is unsecured and repayable over 12 years with interest calculated monthly at BMO prime rate ranging from 2.70% to 5.95% until November 2022 and fixed 5.00% per annum starting December 2022 (2021 - 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) to December 31, 2023.

At year-end, included in amounts receivable is \$1,075,979 (2021 - \$314,420) due from Gardens of Gethsemani for the Diocesan Assessment and other billed costs.

7. LOAN PAYABLE

	2022	2021
Bank loan - Notre Dame	\$ -	\$ 4,573,076
Less: Current portion	-	4,573,076
	\$ -	\$ -

The bank loan had a contractual term maturity of November 21, 2022 and was repaid in full by the Archdiocese.

In 2021, the bank loan consisted of a non-revolving credit facility of up to \$7,000,000 repayable at \$49,672 per month, including interest at 3.39% per annum, and was secured by the investment portfolio held with the lender.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
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Notes to Financial Statements
Year Ended December 31, 2022

8. ARCHDIOCESAN OPERATING EXPENSES

Included in Archdiocesan operating expenses are salaries and personnel expenses of \$5,637,264 (2021 - \$5,299,771).

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.

	2022	2021
Payments received/receivable from:		
Parishes:		
Project Advance collections	\$ 7,241,476	\$ 7,317,281
Diocesan assessments	3,992,478	3,588,500
Special collections	1,755,344	1,156,563
Insurance premiums assessed	2,072,607	1,930,094
Gardens of Gethsemani:		
Diocesan assessments	606,982	536,147
Charitable works	55,000	55,000
Interest earned on loan	274,000	210,758
Advertising services	60,000	60,000
HR support	40,000	-
Insurance	19,085	17,428
Low-interest rate subsidy	-	62,468
	\$ 16,116,972	\$ 14,934,239
Payments made to:		
Parishes:		
Interest paid on deposit accounts	\$ 2,951,122	\$ 2,457,701
Project Advance rebates	1,822,957	2,225,920
Low-interest revolving fund interest paid	77,462	159,993
Youth ministry rebates	43,664	25,730
	\$ 4,895,205	\$ 4,869,344

In addition to the Project Advance rebates paid during the year, \$1,599,360 (2021 - \$1,806,369) was payable at year-end and is included in Parish Project Advance rebates payable.

Deposits from parishes, agencies and certain externally restricted funds totaling \$177,261,957 (2021 - \$181,811,291) represent funds received for purposes of earning investment income. The interest rate paid for the deposits are 1.75% per annum for January to June 2022 and 2.25% per annum for July to December 2022 (2021 - 2.00% and 1.75% per annum, respectively).

10. GUARANTEES

The Archdiocese is the guarantor to its bank for letters of credit issued in the amount of \$429,519 (2021 - \$429,519).

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 certain qualified employees immediately upon hiring.

The Archdiocese matches employee contributions. Employees with less than 15 years of service has an option of selecting a contribution rate of 3% or 7% of their annual salary. Contribution rates can increase to 8% after 15 years of completed years of continuous service; and can further increase to 9% after 20 years of continuous service. Employees are entitled to full vesting of their employee and employer contributions and investment earnings immediately after membership in the plan. The 2022 employer contributions were \$227,789 (2021 - \$243,150).

13. COMPARATIVE FIGURES

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

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

Schedule 1

	2022	2021
St. Mark's College and Corpus Christi College	\$ 250,000	\$ 200,000
Project Advance Grants	200,000	246,219
Catholic Pacific College	175,000	-
Catholic Health Association of B.C.	40,000	40,000
Canadian Catholic Bioethics Institute	25,000	-
Roman Catholic Diocese of Whitehorse	24,829	22,612
Corpus Christi Elementary School	-	75,000
	\$ 714,829	\$ 583,831