

**THE ROMAN CATHOLIC ARCHBISHOP  
OF VANCOUVER – CHANCERY DIVISION**

**Financial Statements  
December 31, 2015**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Chancery Division of The Roman Catholic Archbishop of Vancouver, which comprise the statement of financial position as at December 31, 2015, and the statements of operations for unrestricted net assets, changes in unrestricted net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many charitable organizations, the Chancery Division derives revenue from donations and other unreceiptable activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Chancery Division operations and we were unable to determine whether any adjustments might be necessary to revenues, current assets and net assets.

As explained in notes 2(d), 6(a) and (b), properties are not capitalized and amortized and sales from properties sold are not recognized when earned in accordance with Canadian accounting standards for not-for-profit organizations. It is not practicable to quantify the financial effects.

*Qualified Opinion*

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 Chancery Division of The Roman Catholic Archbishop of Vancouver as at December 31, 2015 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.

*Smythe LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
May 26, 2016

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
**Statement of Financial Position**  
**December 31**

	2015	2014
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 4,514,446	\$ 4,889,286
Amounts receivable	4,900,662	3,198,208
Current portion of loans receivable from parishes (note 3)	253,703	257,230
Current portion of loans receivable from Notre Dame (note 3)	596,064	5,100,000
Loan receivable from Gardens of Gethsemani (note 4)	315,000	0
	10,579,875	13,444,724
<b>Investments</b> (notes 5(a) and (b))		
Restricted	82,197,852	72,325,527
Pledged collateral (note 9)	29,355,451	26,591,159
	111,553,303	98,916,686
<b>Loans Receivable from Parishes</b> (note 3)	6,073,799	5,229,983
<b>Loans Receivable from Notre Dame</b> (note 3)	6,367,267	0
<b>Mortgage Receivable</b> (note 6(a))	135,000	135,000
<b>Investment in Land</b> (note 6(a))	357,000	357,000
	12,933,066	5,721,983
	\$ 135,066,244	\$ 118,083,393
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,831,683	\$ 1,829,789
Collections payable	1,642,360	1,552,788
Parish Project Advance rebates payable (note 15)	1,152,157	1,006,719
Loans payable (note 16)	11,095,615	26,851,648
	15,721,815	31,240,944
<b>Deposits from Parishes and Agencies</b>	77,343,647	64,091,809
<b>Deferred Revenue</b> (notes 2(d) and 6(a))	357,000	357,000
<b>Loans Payable</b> (note 16)	6,367,267	0
	99,789,729	95,689,753
<b>Net Assets</b>		
<b>Unrestricted</b>	9,820,160	(6,633,200)
<b>Internally Restricted for Specific Programs</b> (schedule 1)	20,602,150	20,803,122
<b>Externally Restricted</b> (schedule 2)	4,854,205	8,223,718
	35,276,515	22,393,640
	\$ 135,066,244	\$ 118,083,393

Commitments and Contingencies (notes 8 and 11)

Approved by The Roman Catholic Archbishop of Vancouver:

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**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER  
CHANCERY DIVISION**

**Statement of Operations for Unrestricted Net Assets  
Year Ended December 31**

	2015	2014
<b>Revenues</b>		
Diocesan assessments	\$ 3,892,177	\$ 3,812,651
Project Advance	950,000	950,000
	4,842,177	4,762,651
<b>Expenditures</b>		
Archdiocesan Curia operating expenses (schedule 3)	6,225,399	5,324,272
Archdiocesan Curia grants (schedule 4)	735,243	565,642
	6,960,642	5,889,914
<b>Deficiency Before Other Items</b>	<b>(2,118,465)</b>	<b>(1,127,263)</b>
<b>Other Expenditures</b>		
Clergy care	153,287	251,392
Consulting and audit	80,432	71,502
Legal costs	51,446	47,204
	(285,165)	(370,098)
<b>Other Revenues</b>		
Legacies, bequests and donations (note 7)	61,926	840,940
Interests and investment gain, net	8,923	110,049
Unrealized capital gain (loss)	(52,958)	47,898
	17,891	998,887
Reallocation of donation receipts (note 14)	(36,834)	(828,644)
	(18,943)	170,243
<b>Deficiency Before Property Transactions</b>	<b>(2,422,573)</b>	<b>(1,327,118)</b>
<b>Property Transactions (note 6)</b>		
Income (expenditures)		
Net property transactions and secondary school construction income (costs) (schedule 5)	17,485,273	(13,521,833)
General property carrying costs, net (note 6)	(113,380)	(85,049)
Elementary school grant	(75,000)	(150,000)
	17,296,893	(13,756,882)
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>14,874,320</b>	<b>(15,084,000)</b>
<b>Unrestricted Net Assets, Beginning of Year</b>	<b>(6,633,200)</b>	<b>7,201,689</b>
<b>Transfer from Internally Restricted Funds to Fund Current Year Operations</b>	<b>1,579,040</b>	<b>1,249,111</b>
<b>Unrestricted Net Assets, End of Year</b>	<b>\$ 9,820,160</b>	<b>\$ (6,633,200)</b>

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER  
CHANCERY DIVISION**

**Statement of Changes in Unrestricted Net Assets  
Year Ended December 31**

	<b>2015</b>					<b>201</b>
	General	Sites (schedule 5)	Secondary School Construction (schedule 5)	JP II Pastoral Centre Project (schedule 5)	Total	Total
<b>Balance, Beginning of Year</b>	\$ 27,407,237	\$ (12,295,742)	\$ (5,277,048)	\$ (16,467,647)	\$ (6,633,200)	\$ 7,201,689
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(2,610,953)	650,000	1,400,000	15,435,273	14,874,320	(15,084,000)
<b>Transfers from Internally Restricted Funds</b> (schedule 1)	1,579,040	0	0	0	1,579,040	1,249,111
<b>Balance, End of Year-</b>	\$ 26,375,324	\$ (11,645,742)	\$ (3,877,048)	\$ (1,032,374)	\$ 9,820,160	\$ (6,633,200)

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
**Statement of Cash Flows**  
**Year Ended December 31**

	2015	2014
<b>Operating Activities</b>		
Excess (deficiency) of revenues over expenditures	\$ 14,874,320	\$ (15,084,000)
Items not involving cash		
Unrealized gain on investments	(828,793)	(1,062,154)
Gain on sale of building	(16,401,103)	0
	(2,355,576)	(16,146,154)
Changes in non-cash working capital		
Amounts receivable	(1,702,454)	(1,249,148)
Interest accrued on investments	(517,070)	(883,212)
Accounts payable	1,894	(273,841)
Collections payable	89,572	(17,358)
Parish Project Advance rebates payable	145,438	(159,334)
Deposits from parishes and agencies	2,174,741	(177,088)
Internally restricted, net (schedule 1)	1,378,067	1,227,438
Externally restricted, net (schedule 2)	(3,369,513)	552,569
	(1,799,325)	(979,974)
<b>Cash Used in Operating Activities</b>	<b>(4,154,901)</b>	<b>(17,126,128)</b>
<b>Investing Activities</b>		
Interest received on investments	543,499	2,710,886
Investments purchased	(95,931,686)	(77,511,670)
Investments redeemed	83,922,434	94,108,850
<b>Cash Provided by (Used in) Investing Activities</b>	<b>(11,465,753)</b>	<b>19,308,066</b>
<b>Financing Activities</b>		
Proceeds from sale of building	16,401,103	0
Loan to Notre Dame, net	(1,859,804)	(5,100,000)
Loans to (repayments from) other parishes, net	(843,816)	145,434
Loan to Gardens of Gethsemani	(315,000)	0
Funds from loan payable	1,863,331	5,100,000
<b>Cash Provided by Financing Activities</b>	<b>15,245,814</b>	<b>145,434</b>
<b>Inflow (Outflow) of Cash</b>	<b>(374,840)</b>	<b>2,327,372</b>
<b>Cash, Beginning of Year</b>	<b>4,889,286</b>	<b>2,561,914</b>
<b>Cash, End of Year</b>	<b>\$ 4,514,446</b>	<b>\$ 4,889,286</b>

# THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER CHANCERY DIVISION

Notes to Financial Statements  
Year Ended December 31, 2015

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## 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.

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 Chancery Office. This office directs all the non-parish administrative activities of the Archdiocese under the guidance and direction of the Archbishop of Vancouver. The Chancery Division 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") and include the following significant accounting policies.

### (a) Basis of presentation

The statement of financial position and statement of operations reflect only the Chancery Division activities of The Roman Catholic Archbishop of Vancouver, the Corporate Sole. These financial statements exclude the divisional accounts and activities of the following:

- The Catholic Independent Schools of the Vancouver Archdiocese
- Gardens of Gethsemani – the Archdiocesan cemetery operations
- Saint Joseph's Society
- Archdiocesan services and societies that receive pastoral grants. These include:
  - B.C. Catholic Newspaper
  - Catholic Charities
  - Rosemary Heights Retreat Centre (ceased operations in December 2015).

These financial statements do not consolidate the accounts of the 78 parishes within the Archdiocese (see note 15), which are related by the common control of The Roman Catholic Archbishop of Vancouver.

### (b) Fund accounting

#### (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) and transfers from (to) internally restricted funds.



**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
Notes to Financial Statements  
Year Ended December 31, 2015

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

(b) Fund accounting (Continued)

(ii) Internally restricted

These are funds specifically set aside to cover costs for specific programs as recorded in schedule 1. Revenue recorded for these programs are from general donations and bequests, fundraising, and amounts received from parishes.

(iii) Externally restricted

These are funds received from donors that have specific restrictions. Any principal or interest earned from these amounts are to be used for specific programs.

(c) Revenue recognition

The Chancery Division follows the restricted method of accounting for contributions. Restricted contributions are recognized as revenue in the year the contribution is received. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 13.8% (2014 - 13.8%) of the parishes' reported income of normal Sunday collections from the previous year. The assessment to normal operations of the Catholic Cemeteries are based on 10% (2014 - 10%) of gross 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.

(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.

The amounts not capitalized and charged to operations to date are detailed in note 6(a). No amortization has been recorded in the statement of operations, as capital expenditures are fully expensed in the year incurred.

The Archdiocese holds an equitable interest in land resulting from a sale in a previous year. Certain of the gains from the sale of land have not been recognized in accordance with ASNPO. The amounts receivable relating to the equitable interest in land have been deferred and will be recognized when they are received as detailed in note 6(a).

In addition, properties have not been presented in accordance with ASNPO, as they have not been separated between land and building.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
Notes to Financial Statements  
Year Ended December 31, 2015

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

(e) Interest income

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

Interest is credited to the Specific Programs funds twice a year and recognized as revenue.

Interest income earned on behalf of the parishes' investments are paid out twice a year and netted against interest income.

(f) 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 that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenditures.

Financial assets measured at 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 excess (deficiency) of revenues over expenditures in the period incurred.

(g) Use of estimates

The preparation of the Chancery Division'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 receivables and payables and the collectability of loans receivable and mortgage 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.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER  
CHANCERY DIVISION**

Notes to Financial Statements  
Year Ended December 31, 2015

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

(h) 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 are recorded in the statement of operations for unrestricted net assets for the year.

**3. LOANS RECEIVABLE**

	<b>2015</b>	<b>2014</b>
Notre Dame Parishes	\$ 6,963,331	\$ 5,100,000
	5,113,151	4,522,300
	12,076,482	9,622,300
Less: Current portion from Notre Dame	596,064	5,100,000
Less: Current portion from parishes	253,703	257,230
	11,226,715	4,265,070
Loans receivable - other	1,214,351	964,913
	<b>\$ 12,441,066</b>	<b>\$ 5,229,983</b>

Interest earned from loans from parishes during the year totaled \$88,646 (2014 - \$87,030).

The current portion of the loans receivable from parishes is based on the expected repayment over the next year and bears interest at the chancery deposit rates of 2.50% and 1.00% (2014 - 3.92% and 2.00%).

On October 26, 2015, the Archdiocese issued an additional \$1,900,000 loan to Notre Dame Regional Secondary School and terms of the loans were amended. The total loan balance now bears interest of 3.39% per annum to be repaid in equal monthly installments of \$49,672 until October 22, 2022.

Loans receivable from parishes and others are either non-interest-bearing or bear interest up to the bank prime rate with no fixed repayment terms. The Archdiocese does not expect repayment of these balances in the next twelve months.

**4. LOAN RECEIVABLE FROM GARDENS OF GETHSEMANI**

During the year, the Archdiocese granted a \$315,000 loan to Gardens of Gethsemani. The loan is unsecured, non-interest-bearing and repayable on demand.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
Notes to Financial Statements  
Year Ended December 31, 2015

**5. 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.

(a) Investments are classified as follows:

	<b>2015</b>	<b>2014</b>
Accrued interest	\$ 308,519	\$ 514,964
At fair value		
Restricted	34,153,955	21,691,484
Pledged collateral	29,355,451	26,741,159
	<b>63,509,406</b>	<b>48,432,643</b>
At amortized cost		
Restricted (market value 2015 - \$47,744,616; 2014 - \$50,410,701)	47,735,378	49,969,079
	<b>\$ 111,553,303</b>	<b>\$ 98,916,686</b>

(b) Investments are represented as follows:

	<b>2015</b>	<b>2014</b>
Accrued interest	\$ 308,519	\$ 514,964
At fair value		
Cash held as collateral	29,355,451	26,741,160
Common shares	16,792,697	8,164,250
Mutual funds	9,257,062	8,227,646
Fixed income	7,689,226	5,067,531
Foreign securities	414,970	232,056
	<b>63,509,406</b>	<b>48,432,643</b>
At amortized cost		
Fixed income investments	19,282,273	14,684,098
Guaranteed investment certificates	24,695,660	35,284,981
Government and government-backed securities and bankers acceptance notes	3,757,445	0
	<b>47,735,378</b>	<b>49,969,079</b>
	<b>\$ 111,553,303</b>	<b>\$ 98,916,686</b>

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

**5. INVESTMENTS (Continued)**

(b) (Continued)

Government and government-backed securities and banker's acceptance notes bear fixed interest yields ranging from 2.10% to 4.50% (2014 - 1.99% to 5.10%).

Included in fixed income investments are a banker's collateral account bearing interest at the bank prime rate (2014 - bank prime rate).

Guaranteed investment certificates bear interest at rates ranging from 0.95% to 3.00% (2014 - 1.40% to 2.38%).

**6. PROPERTIES**

(a) This represents the net cost of properties (land, buildings and improvements), which are presently owned and are being held for future sites, both parishes and schools, or other needs of the Archdiocese.

	2015		2014	
	Cost	Charged to operations to date	Net	Net
Properties held for parishes/schools future use	\$ 61,419,293	\$ 61,419,293	\$ 0	\$ 0

Other net costs of properties have been charged to operations in general property carrying costs.

The above amount includes certain properties that have been recorded at a nominal value of \$1.

The Archdiocese holds an equitable interest in land resulting from the sale of a property (Catholic Pacific College) for \$742,000 consisting of:

- (i) \$250,000 in cash proceeds received during 2011;
- (ii) \$135,000 in mortgage receivable, repayable over ten years without stated terms of repayment or interest, secured against the title of the property; and
- (iii) \$357,000 equitable interest on the land. This equitable interest will be determined at the time of subsequent disposition by the purchaser based on the appraised fair market value, as determined by an independent accredited appraiser, on the property less the selling price at that time. In addition, the Archdiocese will reserve the right of first refusal to purchase the property back at the fair market value less the Archdiocese's equitable interest in the property. The purchaser may, at any time, pay out the Archdiocese's equitable interest.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

**6. PROPERTIES (Continued)**

- (b) On November 24, 2011, the Archdiocese entered into a Purchase and Sale Agreement (the "Agreement") for the sale of certain land and building. Under the terms of the Agreement, the Archdiocese will receive proceeds of \$21,500,000 in three tranches, as follows:
- (i) \$3,000,000 within 48 hours of written notice confirming that the Archdiocese has received approval from the Holy See. The written notice and these proceeds were received in 2012;
  - (ii) \$2,000,000 within six months following the execution of the Agreement. These proceeds were received in 2012; and
  - (iii) \$16,500,000 by March 31, 2015. These proceeds, net of transaction costs, were received during the year.

The above proceeds were recorded in the statement of operations for unrestricted net assets under net property transactions and secondary school construction costs.

**7. LEGACIES, BEQUESTS AND DONATIONS**

All legacies, bequests and donations are included as revenue when received. Those gifts that have designated terms and conditions are set aside for those designated purposes and transferred to the externally restricted fund or internally restricted specific program fund.

**8. CONTINGENCIES**

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.

**9. GUARANTEES**

The Archdiocese is the guarantor to its bankers for:

	<b>2015</b>	<b>2014</b>
Parish bank loans	\$ 29,352,707	\$ 26,590,938
Letters of credit issued	2,583,338	2,697,122
	31,936,045	29,288,060
Pledged collateral security	(29,355,451)	(26,591,159)
	<b>\$ 2,580,594</b>	<b>\$ 2,696,901</b>

As per the Archdiocese's agreement with a certain bank, the parish bank loans cannot exceed \$40,000,000 at any point during the year.

Pledged collateral security consists of cash held by the Archdiocese at two major Canadian financial institutions.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2015**

**10. 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.

**11. COMMITMENTS**

The Archdiocese is committed to funding the operations and theological education of St. Mark's College and Corpus Christi College, aggregating \$1,300,000 expiring in 2020. During the year, the Archdiocese committed to contribute a total of \$100,000 over five years to Vancouver College in support for its campaign in building its new facilities. Commitments in each of the next five years are as follows:

2016	\$ 320,000
2017	220,000
2018	320,000
2019	295,000
2020	225,000
	\$ 1,380,000

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Archdiocese manages its investments in accordance with defined guidelines as to acceptable debt instruments and acceptable terms and conditions. Management is responsible for monitoring performance and recommending changes. The College of Consultors and Archdiocesan Finance Council are responsible for the governance and strategic direction of the investment portfolio.

(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, collections payable, parish project advance rebates payable and loans payable. Cash flows from operations and sale of properties provides a substantial portion of the Chancery Division'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 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 establishing rules to ensure that the credit rating from a recognized credit ratings agency do not fall below a threshold acceptable and approved by the Archdiocese. 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 and other chanceries are minimal as they are under common control of the Corporate Sole.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER  
CHANCERY DIVISION**

**Notes to Financial Statements  
Year Ended December 31, 2015**

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**12. 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 effective interest rates for 2015 were 3.92% and 2.00% (2014 - 3.92% and 2.00%). The Archdiocese is exposed to interest cash flow risk on its variable securities.

(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, 2015, the Archdiocese holds US cash of \$941,404 (2014 - \$226,449) and US dollar denominated investments of \$11,234,270 (2014 - \$4,972,028) 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 market rate.

**13. PENSION PLAN**

The Archdiocese of Vancouver 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 allocated after two years of membership in the plan. The 2015 employer's contributions were \$240,724 (2014 - \$229,913).



**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
Notes to Financial Statements  
Year Ended December 31, 2015

**14. REALLOCATION OF DONATION RECEIPTS**

Donation receipts recorded have been reallocated as follows:

	<b>2015</b>	<b>2014</b>
Queen of Peace Monastery	\$ 25,000	\$ 25,000
Catholic Pacific College	10,000	25,000
Archbishop's Discretionary Fund	1,834	62,062
Deacon Formation	0	250,000
Clergy Care	0	164,277
Seminary and Vocations	0	150,000
Special events	0	100,000
Chaplaincy	0	52,305
<b>Total amount reallocated</b>	<b>\$ 36,834</b>	<b>\$ 828,644</b>

**15. RELATED PARTY TRANSACTIONS**

The Chancery Division had the following transactions with the 86 parishes within the Archdiocese. They are related by the 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>2015</b>	<b>2014</b>
<b>Payments received from parishes</b>		
Project Advance collections	\$ 7,087,778	\$ 6,864,801
Diocesan assessments	3,892,177	3,812,651
Special collections	2,938,692	2,050,228
Insurance premiums assessed	1,834,324	1,712,558
Interest earned from loans	60,325	51,000
	<b>\$ 15,813,296</b>	<b>\$ 14,491,238</b>
<b>Payments made to parishes</b>		
Project Advance rebates	\$ 3,600,343	\$ 3,681,162
Interest paid on deposit accounts	787,347	1,446,426
Youth ministry rebates	61,192	59,528
Low-interest revolving fund interest paid	35,224	86,222
	<b>\$ 4,484,106</b>	<b>\$ 5,273,338</b>

In addition to the Project Advance rebates paid during the year, \$1,152,157 (2014 - \$1,006,719) were still payable as at year-end and are included in Parish Project Advance rebates payable.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
Notes to Financial Statements  
Year Ended December 31, 2015

**16. LOANS PAYABLE**

	<b>2015</b>	<b>2014</b>
Parishes and agencies	\$ 10,499,551	\$ 21,751,648
Bank loan	6,963,331	5,100,000
	17,462,882	26,851,648
Less: Non-current portion from bank loan	6,367,267	0
	<b>\$ 11,095,615</b>	<b>\$ 26,851,648</b>

Loans payable to parishes and agencies are non-interest-bearing with no fixed repayment terms.

During the year, an additional \$1,900,000 was borrowed from Royal Bank of Canada. The loan is repayable in full by October 22, 2022, bears interest at 3.39% per annum and is to be repaid in monthly installments of \$49,672.

Long-term debt principal repayments to be made during the next five years and thereafter are as follows:

2016	\$ 596,064
2017	596,064
2018	596,064
2019	596,064
2020 and thereafter	4,579,075
	<b>\$ 6,963,331</b>

**17. SUBSEQUENT EVENT**

Subsequent to year-end, the Archdiocese entered into a Sale Purchase Agreement with an unrelated third party for the sale of the land in which Rosemary Heights Retreat Centre is situated.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER  
CHANCERY DIVISION**

Schedule 1

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

	Balance, December 31, 2014	Revenues	Net Expenditures	Transfers (to) from Unrestricted Net Assets	Balance, December 31, 2015
Low-Interest Revolving Fund	\$ 8,234,079	\$ 189,640	\$ 35,225	\$ 0	\$ 8,388,494
Self-insurance	3,386,654	603,675	257,589	0	3,732,740
Clergy Care	2,154,923	42,909	0	(153,287)	2,044,545
Seminary and Vocations	2,358,267	318,182	0	(776,192)	1,900,257
Catholic Education 2000	1,342,762	23,792	0	(40,000)	1,326,554
St. Joseph's Clergy Residence	1,043,752	18,698	0	(40,000)	1,022,450
Evangelization	528,061	9,460	0	0	537,521
Chapel	653,141	35,553	0	(246,072)	442,622
St. John Vianney Holy Rosary Cathedral Renovations	416,707	7,383	0	(142,243)	281,847
Deacon Formation	343,346	45,278	0	(185,035)	203,589
Special Events	202,202	1,273	2,700	0	200,775
Chaplaincies	85,490	2,486	0	0	87,976
Truth and Reconciliation	51,083	915	0	(40,000)	11,998
Youth Ministry	2,655	143,084	61,419	(84,320)	0
	\$ 20,803,122	\$ 1,735,001	\$ 356,933	\$ (1,579,040)	\$ 20,602,150

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER  
CHANCERY DIVISION**

Schedule 2

**Statement of Operations and Changes in Net Assets Externally Restricted  
Year Ended December 31**

	2015	2014
Balance, beginning of year	\$ 8,223,718	\$ 7,671,149
Revenues	465,979	1,045,677
Expenditures	(3,835,492)	(493,108)
Balance, end of year	\$ 4,854,205	\$ 8,223,718

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
Archdiocesan Curia Operating Expenses  
Year Ended December 31

Schedule 3

	<b>2015</b>	<b>2014</b>
Apostleship of the Sea	\$ 66,424	\$ 68,778
Archbishop's Office	270,553	260,200
Archdiocesan Operations	143,917	168,014
Archives	110,009	87,528
B.C. Catholic	4,616	32,475
Facilities Management	73,104	(199,431)
Chaplaincies	274,299	233,922
Chancellor's Office	394,927	377,898
Catechetics	309,613	321,641
Communications	178,812	152,725
Deacon Formation	185,034	187,989
Delegate for Administration	261,471	245,201
Development	208,179	166,662
Evangelization	112,943	114,530
Finance	285,658	261,138
First Nations	48,072	46,244
Human Resources	113,318	79,361
Information Technology	254,171	235,675
Internal Audit	117,054	110,640
Life, Marriage and Family	598,158	558,377
Matrimonial Tribunal	421,050	439,731
Project Management	86,766	57,499
Redemptoris Mater Seminary	138,844	112,942
Rosemary Heights Retreat Centre	248,747	124,708
Safe Environment	38,236	31,010
Seismic Study	975	8,763
Seminary and Vocations	637,348	423,150
Service and Justice	196,387	161,699
Stewardship	57,927	68,760
Vanspec	56,414	52,095
Vicar's General Office	45,958	44,205
Youth and Young Adult	286,415	290,143
	<b>\$ 6,225,399</b>	<b>\$ 5,324,272</b>

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
 Archdiocesan Curia Grants  
 Year Ended December 31

Schedule 4

	2015	2014
St. Mark's College and Corpus Christi College	\$ 400,000	\$ 300,000
Holy Rosary	142,243	102,147
Project Advance Grants	100,000	100,000
Catholic Health Association of B.C.	42,000	42,495
St. Thomas More Collegiate Foundation	20,000	10,000
Vancouver College	20,000	0
Family Planning Programs	11,000	11,000
	<b>\$ 735,243</b>	<b>\$ 565,642</b>

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER**  
**CHANCERY DIVISION**  
 Property Acquisitions/Dispositions and Secondary School Construction  
 Year Ended December 31

Schedule 5

	2015				2014	
	Sites Acquisitions/ Dispositions	Secondary School Construction	JP II Pastoral Centre Project	Total	Total	Total
New JP II Pastoral Centre	\$ 0	\$ 0	\$ 3,952,283	\$ 3,952,283	\$ 15,571,833	
Financing from Project Advance	(650,000)	(1,400,000)	0	(2,050,000)	(2,050,000)	
Recovery from Clergy Fund	0	0	(2,986,453)	(2,986,453)	0	
Proceeds from sale of property <sup>1</sup>	0	0	(16,401,103)	(16,401,103)	0	
	<b>\$ (650,000)</b>	<b>\$ (1,400,000)</b>	<b>\$ (15,435,273)</b>	<b>\$ (17,485,273)</b>	<b>\$ 13,521,833</b>	

<sup>1</sup> Proceeds from sale of property were received from the sale of 150 Robson Street.