

# **C.A.C.R. DE SAINT-BONIFACE**

## **Financial Statements**

**For the year ended January 31, 2014**

# **C.A.C.R. DE SAINT-BONIFACE**

## **Financial Statements**

**For the year ended January 31, 2014**

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Tel: 204 956 7200  
Fax: 204 926 7201  
Toll-free: 800 268 3337  
www.bdo.ca

BDO Canada LLP/s.r.l.  
700 - 200 Graham Avenue  
Winnipeg MB R3C 4L5 Canada

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## Independent Auditor's Report

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To His Grace Albert LeGatt, Archbishop

We have audited the accompanying financial statements of **C.A.C.R. de Saint-Boniface**, which comprise the statement of financial position as at January 31, 2014 and the statement of revenues, expenditures and changes in fund balances and statement of 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.

### Auditor's 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 auditor's 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 organization'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 organization'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 Archdiocese derives revenue from donations and offerings, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Archdiocese and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures, and cash flows from operations for the years ended January 31, 2014 and 2013, current assets and fund balances as at January 31, 2014 and 2013. Our audit opinion on the financial statements for the year ended January 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.



### Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of C.A.C.R. de Saint-Boniface as at January 31, 2014 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.

*BDO Canada LLP*

Chartered Accountants

Winnipeg, Manitoba  
October 29, 2014

## C.A.C.R. DE SAINT-BONIFACE

### Statement of Financial Position

January 31	2014	2013
	\$	\$
<b>Assets</b>		
<b>Cash and short-term investments (Note 2)</b>	<b>801,931</b>	830,601
<b>Accounts Receivable</b>		
Other	377,816	639,610
Maurice Foundation	-	25
Interest	39,839	40,587
	<b>417,655</b>	680,222
<b>Prepaid expenses</b>	<b>63,442</b>	16,981
<b>Investments and Loans</b>		
Parish and Chaplaincy loans	36,466	40,727
Investments and other (Note 3)	8,682,149	8,101,248
	<b>8,718,615</b>	8,141,975
<b>Capital assets (Note 4)</b>	<b>880,314</b>	651,187
	<b>10,881,957</b>	10,320,966
<b>Liabilities and Fund Balances</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	372,809	357,049
Maurice Foundation	106,878	-
	<b>479,687</b>	357,049
<b>Trust Funds</b>		
Parish and individual deposits	340,469	47,504
<b>Contingent liabilities (Note 5)</b>		
<b>Fund Balances</b>		
Unrestricted	6,164,861	6,002,212
Invested in Capital Assets	880,315	651,186
Internally Restricted	1,988,757	2,146,595
Externally Restricted	1,027,868	1,116,420
	<b>10,061,801</b>	9,916,413
	<b>10,881,957</b>	10,320,966

# C.A.C.R. DE SAINT-BONIFACE

## Statement of Revenues, Expenditures and Changes in Fund Balances

**For the year ended January 31**

	Unrestricted Fund Balance \$	Invested in Capital Assets \$	Internally Restricted Fund Balances \$	Externally Restricted Fund Balances \$	2014 \$	2013 \$
<b>Revenues</b>						
Bursaries - Catholic Missions in Canada	85,600	-	60,000	-	145,600	201,000
Diocesan assessment	1,360,706	-	-	-	1,360,706	1,286,726
Donations and bequests	327,535	-	380,092	27,081	734,708	849,520
Ecclesiastical Society	-	-	526,133	-	526,133	521,577
Kitchen revenue	122,797	-	-	-	122,797	109,383
Parish offerings	230,941	-	-	-	230,941	166,687
Recoveries	273,032	-	942,657	-	1,215,689	1,178,844
Rooms and rental	98,666	-	-	-	98,666	93,360
Special donations - Tithe	-	-	-	-	-	3,129
Revenues realized on investments	210,927	-	33,570	37,015	281,512	269,901
Change in market value of investments	384,769	-	-	-	384,769	141,252
	<b>3,094,973</b>	<b>-</b>	<b>1,942,452</b>	<b>64,096</b>	<b>5,101,521</b>	<b>4,821,379</b>
<b>Expenditures</b>						
Administration	126,227	-	-	33	126,260	80,269
Amortization	-	25,900	-	-	25,900	24,760
Donations: Local, Canadian and Universal Church	557,961	-	274,061	101,272	933,294	802,781
Food	68,680	-	-	-	68,680	71,347
Furniture and equipment	24,812	-	-	-	24,812	18,743
Insurance	34,695	-	926,835	-	961,530	908,099
Interest	6,789	-	-	-	6,789	417
Miscellaneous expenses	53,030	-	2,303	539	55,872	115,375
Contractual services	89,672	-	-	3,282	92,954	61,993
Professional fees	148,900	-	-	-	148,900	121,054
Property taxes	21,094	-	9,321	499	30,914	29,963
Repairs and maintenance	119,761	-	146,523	3,267	269,551	122,341
Salaries	1,335,165	-	14,093	33,269	1,382,527	1,227,373
Pension for retired priests	-	-	489,484	-	489,484	507,072
Meetings and receptions	69,285	-	-	232	69,517	47,508
Conferences and training	118,998	-	5,913	580	125,491	100,672
Rent	48,484	-	-	-	48,484	45,982
Telephone and utilities	91,837	-	-	3,337	95,174	76,301
	<b>2,915,390</b>	<b>25,900</b>	<b>1,868,533</b>	<b>146,310</b>	<b>4,956,133</b>	<b>4,362,050</b>
<b>Excess (deficiency) of revenues over expenditures for the year</b>	<b>179,583</b>	<b>(25,900)</b>	<b>73,919</b>	<b>(82,214)</b>	<b>145,388</b>	<b>459,329</b>
<b>Fund balances, beginning of year</b>	<b>6,002,212</b>	<b>651,186</b>	<b>2,146,595</b>	<b>1,116,420</b>	<b>9,916,413</b>	<b>9,457,084</b>
<b>Interfund transfers</b>	<b>(16,934)</b>	<b>255,029</b>	<b>(231,757)</b>	<b>(6,338)</b>	<b>-</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>6,164,861</b>	<b>880,315</b>	<b>1,988,757</b>	<b>1,027,868</b>	<b>10,061,801</b>	<b>9,916,413</b>

## C.A.C.R. DE SAINT-BONIFACE

### Statement of Cash Flows

For the year ended January 31	2014	2013
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Excess of revenues over expenditures for the year	145,388	459,329
Adjustments for		
Amortization of capital assets	25,900	24,760
Unrealized loss (gain) on investments	(384,769)	(141,252)
	<u>(213,481)</u>	<u>342,837</u>
Changes in non-cash working capital balances		
Accounts receivable		
Other	261,794	(225,653)
Maurice Foundation	106,904	(25)
Interest	748	3,287
Prepaid expenses	(46,461)	-
Accounts payable and accrued liabilities	15,760	189,682
	<u>338,745</u>	<u>(32,709)</u>
	<u>125,264</u>	<u>310,128</u>
<b>Cash Flows from Investing and Financing Activities</b>		
Purchase of capital assets	(255,028)	(1,378)
Decrease (increase) in Parish and Chaplaincy loans	4,261	(40,727)
Increase in investments and other	(196,132)	(365,992)
Increase in Parish and individual deposits	292,965	13,800
	<u>(153,934)</u>	<u>(394,297)</u>
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(28,670)</b>	<b>(84,169)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>830,601</b>	<b>914,770</b>
<b>Cash and cash equivalents, end of year</b>	<b>801,931</b>	<b>830,601</b>

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## C.A.C.R. DE SAINT-BONIFACE

### Notes to Financial Statements

**For the year ended January 31, 2014**

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#### **1. Nature of Operations and Summary of Significant Accounting Policies**

##### **(a) Nature and Purpose of the Organization**

The Corporation Archiépiscopale Catholique Romaine de Saint-Boniface ("Archdiocese") was constituted by an act of the Legislative Assembly of the Province of Manitoba on May 3, 1871. The Archdiocese is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

##### **(b) Basis of Accounting**

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

##### **(c) Fund Accounting**

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

The Unrestricted Fund accounts for the Archdiocese's program delivery and administrative activities. This fund reports unrestricted resources.

The Internally Restricted Funds report the assets, liabilities, revenues and expenditures related to the Archdiocese's internally restricted activities.

The Externally Restricted Funds report the assets, liabilities, revenues and expenditures related to the Archdiocese's externally restricted activities.

##### **(d) Revenue Recognition**

Restricted contributions related to general operations are recognized as revenue of the Unrestricted Fund in the year in which the related expenditures are incurred. All other restricted contributions are recognized as revenues of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on internally or externally restricted fund resources is recognized as revenue of the appropriate restricted fund in the year received.

Unrestricted investment income earned on unrestricted resources is recognized as revenue of the Unrestricted Fund in the year received.

##### **(e) Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate that asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.



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## C.A.C.R. DE SAINT-BONIFACE

### Notes to Financial Statements

For the year ended January 31, 2014

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#### 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

##### (f) Capital Assets

Purchased capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives, as follows:

Buildings and building improvements	40 years
Convent kitchen	10 years
Equipment	5 years
Kitchen equipment	10 years
Computer equipment and software	5-7 years
Vehicle	5 years

Amortization expense is reported in the Invested in Capital Assets fund.

Land for future parish expansion has been accounted for at cost including direct costs thereon.

##### (g) Pension Plan

The Archdiocese offers a defined contribution pension plan to qualified employees, where the Archdiocese contributes up to an established amount equal to the employee's contribution. The contributions are held in investments managed by a fiduciary trust and expensed as incurred.

##### (h) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### 2. Cash and Short-term Investments

	2014 \$	2013 \$
Cash and cash equivalents	653,061	693,048
Term deposits	148,870	137,553
	<b>801,931</b>	830,601

The effective interest rate on the term deposits was 2.00% to 3.35% (1.80% to 2.05% in 2013)

## C.A.C.R. DE SAINT-BONIFACE

### Notes to Financial Statements

**For the year ended January 31, 2014**

#### 3. Investments and Other

	2014 \$	2013 \$
Term deposits	780,774	756,198
Shares - Canadian	1,955,629	1,735,161
Shares - American	1,486,573	1,103,139
Bonds and debentures	4,459,173	4,506,750
	<b>8,682,149</b>	<b>8,101,248</b>

The term deposits, bonds and debentures and other investments have maturity dates between May 2014 and June 2108. The effective interest rate on these investments varies from 1.75% to 6.63% (2.20% to 7.10% in 2013).

#### 4. Capital Assets

	2014		2013	
	Cost \$	Accumulated Amortization \$	Cost \$	Accumulated Amortization \$
Land	359,221	-	359,221	-
Buildings and building improvements	538,620	59,392	320,176	48,026
Convent kitchen	10,411	8,329	10,411	7,288
Equipment	20,532	20,532	20,532	20,532
Kitchen equipment	16,402	10,124	12,120	8,484
Computer equipment and software	81,077	78,240	79,443	66,386
Vehicle	70,436	39,768	39,768	39,768
	<b>1,096,699</b>	<b>216,385</b>	<b>841,671</b>	<b>190,484</b>
Net book value		<b>880,314</b>		<b>651,187</b>

## C.A.C.R. DE SAINT-BONIFACE

### Notes to Financial Statements

**For the year ended January 31, 2014**

#### 5. Contingent Liabilities

Certain bank loans, lines of credit and other loans of parishes have been guaranteed by the Archdiocese as follows:

	Original Guarantee \$	Principal \$
Loans		
Holy Cross School Inc.	600,000	308,601
Précieux Sang Parish	500,000	439,590
R.C. Parish of St. John the Evangelist	680,000	317,577
Other	17,568	6,501
Lines of Credit		
St. Boniface Diocesan High School Inc.	100,000	-
Holy Cross Parish	15,000	-
Holy Cross School Inc.	100,000	-
	<b>2,012,568</b>	<b>1,072,269</b>

The loans are payable on demand. They are repaid by the debtors and they have not been recorded in the financial statements of the Archdiocese.

The Archdiocese also has a line of credit in effect at January 31, 2014 of \$100,000, which bears interest at prime (3.00% at January 31, 2014) and is not utilized.

#### 6. Financial Risk Management

The Archdiocese is exposed to different types of risk in the normal course of operations, including credit risk, market risk, currency risk, interest rate risk and liquidity risk. The Archdiocese's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Archdiocese's activities.

##### Credit Risk

Credit risk represents the risk of losses if a borrower or a counterparty fails to honour its contractual obligations.

The Archdiocese is exposed to credit risk through its accounts receivables. Its risk management framework allows for a dynamic, sound, prudent and efficient management of credit risk. In that respect, its approach enables it to identify, manage, mitigate and disclose credit risks in an accurate and timely manner.

A concentration of credit risk exists when a certain number of borrowers that engage in similar activities are located in the same geographic region or have similar characteristics. The evolution of economic, political or other conditions may compromise their abilities to meet their contractual obligations. The majority of the accounts receivables and loans and deposits of the Archdiocese are related to Parishes located in the Province of Manitoba.

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## C.A.C.R. DE SAINT-BONIFACE

### Notes to Financial Statements

**For the year ended January 31, 2014**

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#### **6. Financial Risk Management (continued)**

##### Market Risk

Market risk refers to the risk of changes in the fair values of financial instruments resulting from fluctuations in the parameters affecting this value; in particular, interest rates, exchange rates, and their volatility.

The Archdiocese is subject to market risk with its marketable securities. The values of these financial instruments will fluctuate as a result of changes in market prices or factors affecting the values of the underlying investments such as interest rates, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances.

An immediate hypothetical change of 1% in investment values will impact the Archdiocese's investments by an approximate gain or loss of \$86,821 (\$81,012 in 2013).

##### Currency Risk

Changes in the value of the Canadian Dollar compared to foreign currencies will affect the value, in Canadian Dollars, of any foreign securities held by the Archdiocese. These fluctuations may reduce, or even eliminate, any return the Archdiocese has earned on foreign securities. Currency exposure may increase the volatility of foreign investments relative to Canadian investments.

At January 31, 2014, the Archdiocese's exposure to U.S. equities was \$1,486,573 (\$1,103,139 in 2013). A 1% change in the Canadian dollar versus US dollar exchange rate would result in gain or loss of \$14,866 (\$11,031 in 2013).

##### Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. Financial risks of the Archdiocese are managed by monitoring investment performance results and by diversifying the portfolio within constraints set by the Board of directors. Investments are actively managed to mitigate or take advantage of changes in interest rates.

At January 31, 2014, the Archdiocese holds approximately \$5,239,947 in fixed income securities (\$5,262,948 in 2013). A 1% change in nominal interest rates, with all other variables held constant, would result in an increase or decrease of the fair value of \$52,399 (\$52,629 in 2013).

##### Liquidity Risk

Liquidity risk is the risk that the Archdiocese will not be able to meet its financial obligations as they fall due. The Archdiocese maintains an investment policy which contains assets mix guidelines which help to ensure the Archdiocese is able to liquidate investments to meet its obligations.

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## C.A.C.R. DE SAINT-BONIFACE

### Notes to Financial Statements

**For the year ended January 31, 2014**

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#### **7. Related Party Transactions**

##### Asset Protection Insurance Exchange

The Asset Protection Insurance Exchange, a reciprocal insurance exchange, was formed in 2001 by an agreement among Catholic Episcopal Corporations in the provinces of Alberta, British Columbia, Manitoba, Saskatchewan and the three northern territories with the purpose of providing its subscribers with insurance, asset protection and risk management programs.

The payments made to the Asset Protection Insurance Exchange during the year ended January 31, 2014 represent premiums paid on behalf of the parishes of the Archdiocese of Saint-Boniface participating in the plan in the amount of \$590,990 net of rebates received of \$0.05 per \$100 of insured value (\$466,758 in 2013 net of rebates received of \$0.05 per \$100 of insured value).