

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

Financial Statements

For the year ended January 31, 2016

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

Financial Statements

For the year ended January 31, 2016

Table of Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7



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Independent Auditor's Report

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, 2016 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, 2016 and 2015, current assets as at January 31, 2016 and 2015, and fund balances as at February 1, 2014 and 2015 and January 31 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended January 31, 2015 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, 2016 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 Professional Accountants

Winnipeg, Manitoba
December 21, 2016

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

Statement of Financial Position

January 31	2016	2015
	\$	\$
Assets		
Cash and short-term investments (Note 2)	787,996	449,109
Accounts Receivable		
Other	520,657	403,876
Interest	41,911	42,703
	562,568	446,579
Prepaid expenses	28,418	40,587
Investments and Loans		
Parish and Chaplaincy loans	34,861	38,753
Investments and other (Note 3)	8,590,874	9,307,572
	8,625,735	9,346,325
Capital assets (Note 4)	857,548	887,205
	10,862,265	11,169,805
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities	545,331	285,816
Bank indebtedness (Note 5)	479,412	40,728
	1,024,743	326,544
Trust Funds		
Parish and individual deposits	560,743	546,179
Contingent liabilities (Note 5)		
Fund Balances		
Unrestricted	5,592,437	6,518,335
Invested in capital assets	857,549	887,205
Internally restricted	1,906,249	1,956,849
Externally restricted	920,544	934,693
	9,276,779	10,297,082
	10,862,265	11,169,805

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 \$	2016 \$	2015 \$
Revenues						
Bursaries - Catholic Missions in Canada	81,600	-	60,000	-	141,600	99,500
Diocesan assessment	1,497,424	-	-	-	1,497,424	1,425,000
Donations and bequests	101,889	-	329,836	11,297	443,022	782,669
Ecclesiastical Society	-	-	630,264	-	630,264	467,115
Kitchen revenue	116,147	-	-	-	116,147	128,973
Parish offerings	280,524	-	-	-	280,524	269,177
Recoveries	271,620	-	1,018,317	367	1,290,304	1,240,701
Rooms and rental	91,628	-	-	-	91,628	114,654
Revenues realized on investments	231,047	-	29,852	21,678	282,577	288,859
Change in market value of investments	(308,957)	-	-	-	(308,957)	875,843
	2,362,922	-	2,068,269	33,342	4,464,533	5,692,491
Expenditures						
Administration	88,024	-	-	40	88,064	89,209
Amortization	-	25,656	-	-	25,656	25,971
Donations: Local, Canadian and Universal Church	619,567	-	346,962	21,106	987,635	852,835
Food	67,009	-	-	-	67,009	68,034
Furniture and equipment	9,220	-	-	-	9,220	23,290
Insurance	37,574	-	938,957	-	976,531	982,245
Interest	19,427	-	-	-	19,427	19,045
Miscellaneous expenses	50,993	-	6,326	1,129	58,448	41,037
Contractual services	73,899	-	300	-	74,199	142,189
Professional fees	141,057	-	-	-	141,057	175,644
Property taxes	29,571	-	12,583	579	42,733	72,822
Repairs and maintenance	136,283	-	23,669	6,742	166,694	408,376
Salaries	1,573,658	-	64,587	37,161	1,675,406	1,600,499
Pension for retired priests	-	-	657,544	-	657,544	542,048
Meetings and receptions	72,177	-	1,715	197	74,089	84,080
Conferences and training	188,483	-	7,957	231	196,671	128,731
Rent	59,836	-	69,640	-	129,476	109,475
Telephone and utilities	89,805	-	-	5,172	94,977	91,680
	3,256,583	25,656	2,130,240	72,357	5,484,836	5,457,210
Excess (deficiency) of revenues over expenditures for the year	(893,661)	(25,656)	(61,971)	(39,015)	(1,020,303)	235,281
Fund balances, beginning of year	6,518,335	887,205	1,956,849	934,693	10,297,082	10,061,801
Interfund transfers	(32,237)	(4,000)	11,371	24,866	-	-
Fund balances, end of year	5,592,437	857,549	1,906,249	920,544	9,276,779	10,297,082

The notes are an integral part of these financial statements.

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

Statement of Cash Flows

For the year ended January 31	2016	2015
	\$	\$
Cash Flows from Operating Activities		
Excess of revenues over expenditures for the year	(1,020,303)	235,281
Adjustments for		
Amortization of capital assets	25,656	25,971
Unrealized gain on investments	308,957	(875,843)
	<u>(685,690)</u>	<u>(614,591)</u>
Changes in non-cash working capital balances		
Accounts receivable		
Other	(116,781)	(26,060)
Maurice Foundation	-	(106,878)
Interest	792	(2,864)
Prepaid expenses	12,169	22,855
Accounts payable and accrued liabilities	259,516	(86,993)
	<u>155,696</u>	<u>(199,940)</u>
	<u>(529,994)</u>	<u>(814,531)</u>
Cash Flows from Investing and Financing Activities		
Disposal (purchase) of capital assets	4,000	(32,862)
Decrease (increase) in Parish and Chaplaincy loans	3,892	(2,287)
Increase in investments and other	407,741	250,420
Increase in Parish and individual deposits	14,564	205,710
	<u>430,197</u>	<u>420,981</u>
Net decrease in cash and cash equivalents during the year	(99,797)	(393,550)
Cash and cash equivalents, beginning of year	408,381	801,931
Cash and cash equivalents, end of year	308,584	408,381
Represented by		
Cash and short-term investments	787,996	449,109
Bank indebtedness	(479,412)	(40,728)
	<u>308,584</u>	<u>408,381</u>

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

Notes to Financial Statements

For the year ended January 31, 2016

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.

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

Notes to Financial Statements

For the year ended January 31, 2016

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

(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.

(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.

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

Notes to Financial Statements

For the year ended January 31, 2016

2. Cash and Short-term Investments

	2016	2015
	\$	\$
Cash and cash equivalents	748,481	409,594
Term deposits	39,515	39,515
	787,996	449,109

The effective interest rate on the term deposits was 2.75% to 3.10% (2.75% to 3.10% in 2015).

3. Investments and Other

	2016	2015
	\$	\$
Term deposits	780,774	780,774
Shares - Canadian	1,166,654	1,743,787
Shares - American	1,871,696	1,844,098
Bonds and debentures	4,771,750	4,938,913
	8,590,874	9,307,572

The term deposits, bonds and debentures and other investments have maturity dates between May 2016 and June 2108. The effective interest rate on these investments varies from 1.95% to 6.63% (1.75% to 6.47% in 2015).

4. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	364,689	-	368,689	-
Buildings and building improvements	538,620	82,123	538,620	70,757
Convent kitchen	10,411	10,411	10,411	9,370
Equipment	20,532	20,532	20,532	20,532
Kitchen equipment	16,402	13,405	16,402	11,764
Computer equipment/software	85,073	81,747	85,073	80,151
Vehicle	89,833	59,794	89,833	49,781
	1,125,560	268,012	1,129,560	242,355
Net book value		857,548		887,205

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

Notes to Financial Statements

For the year ended January 31, 2016

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	109,636
Précieux Sang Parish	520,039	463,631
R.C. Parish of St. John the Evangelist	680,000	207,948
Other	46,254	33,462
	1,846,293	814,677

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, 2016 of \$600,000, which bears interest at prime (3.05% at January 31, 2016) and is at \$479,412.

The Archdiocese has a second line of credit in effect at January 31, 2016 of \$150,000, which bears interest at prime (3.05% at January 31, 2016) and has a nil balance. Both lines of credit are secured by a general security agreement.

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.

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

Notes to Financial Statements

For the year ended January 31, 2016

6. Financial Risk Management (continued)

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.

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 \$85,909 (\$93,076 in 2015).

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, 2016, the Archdiocese's exposure to U.S. equities was \$1,896,302 (\$1,844,098 in 2015). A 1% change in the Canadian dollar versus US dollar exchange rate would result in gain or loss of \$18,963 (\$18,441 in 2015).

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, 2016, the Archdiocese holds approximately \$5,552,524 in fixed income securities (\$5,719,687 in 2015). 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 \$55,525 (\$57,197 in 2015).

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

Notes to Financial Statements

For the year ended January 31, 2016

6. Financial Risk Management (continued)

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.

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, 2016 represent premiums paid on behalf of the parishes of the Archdiocese of Saint-Boniface participating in the plan in the amount of \$575,359 net of rebates received of \$0.05 per \$100 of insured value (\$594,216 in 2015 net of rebates received of \$0.05 per \$100 of insured value).