

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

Financial Statements

For the year ended January 31, 2015

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

Financial Statements

For the year ended January 31, 2015

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



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

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, 2015 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, 2015 and 2014, current assets and fund balances as at January 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended January 31, 2014 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, 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.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
May 20, 2015

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

Statement of Financial Position

January 31	2015	2014
	\$	\$
Assets		
Cash and short-term investments (Note 2)	449,109	801,931
Accounts Receivable		
Other	403,876	377,816
Interest	42,703	39,839
	446,579	417,655
Prepaid expenses	40,587	63,442
Investments and Loans		
Parish and Chaplaincy loans	38,753	36,466
Investments and other (Note 3)	9,307,572	8,682,149
	9,346,325	8,718,615
Capital assets (Note 4)	887,205	880,314
	11,169,805	10,881,957
Liabilities and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities	285,816	372,809
Maurice Foundation	-	106,878
Bank indebtedness (Note 5)	40,728	-
	326,544	479,687
Trust Funds		
Parish and individual deposits	546,179	340,469
Contingent liabilities (Note 5)		
Fund Balances		
Unrestricted	6,518,335	6,164,861
Invested in capital assets	887,205	880,315
Internally restricted	1,956,849	1,988,757
Externally restricted	934,693	1,027,868
	10,297,082	10,061,801
	11,169,805	10,881,957

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 \$	2015 \$	2014 \$
Revenues						
Bursaries - Catholic Missions in Canada	39,500	-	60,000	-	99,500	145,600
Diocesan assessment	1,425,000	-	-	-	1,425,000	1,360,706
Donations and bequests	273,483	-	472,826	36,360	782,669	734,708
Ecclesiastical Society	-	-	467,115	-	467,115	526,133
Kitchen revenue	128,973	-	-	-	128,973	122,797
Parish offerings	269,177	-	-	-	269,177	230,941
Recoveries	243,920	-	987,400	881	1,232,201	1,215,689
Rooms and rental	114,654	-	-	-	114,654	98,666
Revenues realized on investments	206,894	-	41,322	40,643	288,859	281,512
Change in market value of investments	875,843	-	-	-	875,843	384,769
	3,577,444	-	2,028,663	77,884	5,683,991	5,101,521
Expenditures						
Administration	87,793	-	576	840	89,209	126,260
Amortization	-	25,971	-	-	25,971	25,900
Donations: Local, Canadian and Universal Church	591,572	-	209,400	51,863	852,835	933,294
Food	68,034	-	-	-	68,034	68,680
Furniture and equipment	23,290	-	-	-	23,290	24,812
Insurance	29,983	-	952,262	-	982,245	961,530
Interest	19,045	-	-	-	19,045	6,789
Miscellaneous expenses	29,623	-	7,741	3,673	41,037	55,872
Contractual services	127,786	-	-	14,403	142,189	92,954
Professional fees	175,644	-	-	-	175,644	148,900
Property taxes	57,386	-	14,937	499	72,822	30,914
Repairs and maintenance	183,374	-	221,359	3,643	408,376	269,551
Salaries	1,506,222	-	50,055	35,722	1,591,999	1,382,527
Pension for retired priests	-	-	542,048	-	542,048	489,484
Meetings and receptions	81,072	-	1,823	1,185	84,080	69,517
Conferences and training	108,942	-	19,419	370	128,731	125,491
Rent	51,385	-	58,090	-	109,475	48,484
Telephone and utilities	86,721	-	1	4,958	91,680	95,174
	3,227,872	25,971	2,077,711	117,156	5,448,710	4,956,133
Excess (deficiency) of revenues over expenditures for the year	349,572	(25,971)	(49,048)	(39,272)	235,281	145,388
Fund balances, beginning of year	6,164,861	880,315	1,988,757	1,027,868	10,061,801	9,916,413
Interfund transfers	3,902	32,861	17,140	(53,903)	-	-
Fund balances, end of year	6,518,335	887,205	1,956,849	934,693	10,297,082	10,061,801

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

Statement of Cash Flows

For the year ended January 31	2015	2014
	\$	\$
Cash Flows from Operating Activities		
Excess of revenues over expenditures for the year	235,281	145,388
Adjustments for		
Amortization of capital assets	25,971	25,900
Unrealized gain on investments	(875,843)	(384,769)
	<u>(614,591)</u>	<u>(213,481)</u>
Changes in non-cash working capital balances		
Accounts receivable		
Other	(26,060)	261,794
Maurice Foundation	(106,878)	106,904
Interest	(2,864)	748
Prepaid expenses	22,855	(46,461)
Accounts payable and accrued liabilities	(86,993)	15,760
	<u>(199,940)</u>	<u>338,745</u>
	<u>(814,531)</u>	<u>125,264</u>
Cash Flows from Investing and Financing Activities		
Purchase of capital assets	(32,862)	(255,028)
Decrease (increase) in Parish and Chaplaincy loans	(2,287)	4,261
Increase in investments and other	250,420	(196,132)
Increase in Parish and individual deposits	205,710	292,965
	<u>420,981</u>	<u>(153,934)</u>
Net decrease in cash and cash equivalents during the year	(393,550)	(28,670)
Cash and cash equivalents, beginning of year	801,931	830,601
Cash and cash equivalents, end of year	408,381	801,931
Represented by		
Cash and short-term investments	449,109	801,931
Bank indebtedness	(40,728)	-
	<u>408,381</u>	<u>801,931</u>

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

Notes to Financial Statements

For the year ended January 31, 2015

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, 2015

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, 2015

2. Cash and Short-term Investments

	2015	2014
	\$	\$
Cash and cash equivalents	409,594	653,061
Term deposits	39,515	148,870
	449,109	801,931

The effective interest rate on the term deposits was 2.75% to 3.10% (2.00% to 3.35% in 2014).

3. Investments and Other

	2015	2014
	\$	\$
Term deposits	780,774	780,774
Shares - Canadian	1,743,787	1,955,629
Shares - American	1,844,098	1,486,573
Bonds and debentures	4,938,913	4,459,173
	9,307,572	8,682,149

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 1.75% to 6.47% (1.75% to 6.63% in 2014).

4. Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Land	368,689	-	359,221	-
Buildings and building improvements	538,620	70,757	538,620	59,392
Convent kitchen	10,411	9,370	10,411	8,329
Equipment	20,532	20,532	20,532	20,532
Kitchen equipment	16,402	11,764	16,402	10,124
Computer equipment/software	85,073	80,151	81,077	78,240
Vehicle	89,833	49,781	70,436	39,768
	1,129,560	242,355	1,096,699	216,385
Net book value		887,205		880,314

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

Notes to Financial Statements

For the year ended January 31, 2015

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	266,748
Précieux Sang Parish	520,039	489,312
R.C. Parish of St. John the Evangelist	680,000	231,798
Other	49,753	39,710
Lines of Credit		
St. Boniface Diocesan High School Inc.	100,000	-
Holy Cross Parish	15,000	-
Holy Cross School Inc.	100,000	-
	2,064,792	1,027,568

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, 2015 of \$600,000, which bears interest at prime (3.00% at January 31, 2015) and is at \$40,728.

The Archdiocese has a second line of credit in effect at January 31, 2015 of \$150,000, which bears interest at prime (3.00% at January 31, 2015) 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, 2015

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 \$93,076 (\$86,821 in 2014).

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, 2015, the Archdiocese's exposure to U.S. equities was \$1,844,098 (\$1,486,573 in 2014). A 1% change in the Canadian dollar versus US dollar exchange rate would result in gain or loss of \$18,441 (\$14,866 in 2014).

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, 2015, the Archdiocese holds approximately \$5,719,687 in fixed income securities (\$5,239,947 in 2014). 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 \$57,197 (\$52,399 in 2014).

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

Notes to Financial Statements

For the year ended January 31, 2015

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, 2015 represent premiums paid on behalf of the parishes of the Archdiocese of Saint-Boniface participating in the plan in the amount of \$ 594,216 net of rebates received of \$0.05 per \$100 of insured value (\$590,990 in 2014 net of rebates received of \$0.05 per \$100 of insured value).