

**Episcopal Corporation of Saskatoon**  
**Financial Statements**  
*June 30, 2020*

**Episcopal Corporation of Saskatoon**  
**Contents**

*For the year ended June 30, 2020*

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## **Management's Responsibility**

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To the Council of Episcopal Corporation of Saskatoon:


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Diocesan Finance Council ("Council") and Audit Committee are composed primarily of Members who are neither management nor employees of the Corporation. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues.

MNP LLP is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

December 1, 2020

  
Management

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## Independent Auditor's Report

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To the Council of Episcopal Corporation of Saskatoon:

### Qualified Opinion

We have audited the financial statements of Episcopal Corporation of Saskatoon (the "Corporation"), which comprise the statement of financial position as at June 30, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at June 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

As explained in Note 2, certain accounting policies followed by the Corporation are not in accordance with Canadian accounting standards for not-for-profit organizations. Pensions are accounted for on a cash basis and not all capital assets owned by the Corporation are recorded and being amortized. The effect of these departures from Canadian accounting standards for not-for-profit organizations on the audited financial statements has not been determined. Our audit opinion on the financial statements for the year ended June 30, 2019 was modified accordingly because of both of these departures.

In addition, in common with many charitable organizations, the Corporation derives revenue from the general public in the form of fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Corporation. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, special collections revenue, parish assessment revenue, Bishop's Annual Appeal revenue, excess of support and revenue over expenses and cash flows from operations for the years ended June 30, 2020 and June 30, 2019, current assets as at June 30, 2020 and June 30, 2019, and net assets as at July 1 and June 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended June 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Emphasis of Matter - Restated Comparative Information

We draw attention to Note 2 of the financial statements, which explains that certain comparative information presented for the year ended June 30, 2019 has been restated to record revenue not previously recorded. Our opinion is not modified in respect of this matter. In our report dated November 26, 2019, our opinion on the financial statements for the year ended June 30, 2019 contained a qualified opinion, including a qualification because the Corporation did not completely apply revenue recognition in accordance with Canadian accounting standards for not-for-profit organizations, related to the Bishop's Annual Appeal and Parish Assessment collections. Accordingly, our opinion on the financial statements for the year ended June 30, 2019 expressed in that report is different from the opinion expressed on the comparative information for the year ended June 30, 2019 in this report because of the restatement of comparative information.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

## Independent Auditor's Report (Continued from previous page)

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### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saskatoon, Saskatchewan

December 1, 2020

*MNP LLP*

Chartered Professional Accountants

# Episcopal Corporation of Saskatoon

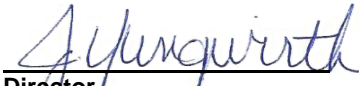
## Statement of Financial Position

*As at June 30, 2020*

	2020	2019 <i>Restated - Note 2</i>
<b>Assets</b>		
<b>Current</b>		
Cash (Note 14)	1,733,893	2,306,805
Accounts receivable (Note 5), (Note 14)	1,495,856	1,373,896
Investments (Note 6), (Note 14)	7,861,464	6,238,716
Prepaid expenses and deposits	24,422	30,253
	<b>11,115,635</b>	9,949,670
<b>Capital assets (Note 7)</b>	<b>929,208</b>	929,208
<b>Long-term account receivable (Note 5), (Note 14)</b>	<b>639,546</b>	640,784
<b>Restricted cash (Note 4)</b>	<b>140,403</b>	-
	<b>12,824,792</b>	11,519,662
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5), (Note 14)	7,765,291	7,200,996
Deferred revenue	67,802	66,218
	<b>7,833,093</b>	7,267,214
<b>Migration sponsorship funds in trust (Note 4)</b>	<b>140,403</b>	-
	<b>7,973,496</b>	7,267,214
<b>Net Assets</b>		
Internally restricted (Note 8)	996,861	996,139
Unrestricted	2,925,227	2,327,101
Invested in capital assets	929,208	929,208
	<b>4,851,296</b>	4,252,448
	<b>12,824,792</b>	11,519,662

Approved on behalf of the Diocesan Finance Council

  
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Director

  
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Director

*The accompanying notes are an integral part of these financial statements*

**Episcopal Corporation of Saskatoon**  
**Statement of Operations**  
*For the year ended June 30, 2020*

	2020	2019 <i>Restated - Note 2</i>
<b>Support and revenue</b>		
Parish assessments <i>(Note 5)</i>	1,176,320	1,250,523
Bishop's Annual Appeal <i>(Note 5)</i>	981,199	921,151
Insurance and occupancy costs recovery and administration <i>(Note 5)</i>	608,578	623,294
Contributions from Diocese of Saskatoon Catholic Foundation Inc. <i>(Note 5)</i>	416,208	570,199
Clergy recovery	282,984	229,702
Special collections <i>(Note 5)</i>	177,456	208,848
Donations	172,023	213,675
Fifth Avenue property rental	86,920	107,920
Participant fees related to ministry	51,331	102,670
Cost recovery from support of external ministries	12,197	11,836
Events revenue	10,135	16,988
Sundry	1,237	1,677
Government assistance <i>(Note 12)</i>	287,014	-
	4,263,602	4,258,483
<b>Expenses</b>		
Administration <i>(Note 5)</i>	1,109,568	1,015,544
Clergy <i>(Note 9)</i>	860,096	1,074,493
Ministry	779,677	984,210
Chancery and tribunal	201,044	218,612
Special collections	177,456	208,848
Occupancy costs <i>(Note 5)</i>	167,080	149,080
Support of external ministries	161,684	111,439
Bishop's office and housing	149,873	166,263
Interest expense - Parish Development Fund <i>(Note 5), (Note 14)</i>	141,765	128,371
Pastoral services	87,398	121,273
Fifth Avenue property	19,800	19,885
Committees and commission	21,894	24,469
	3,877,335	4,222,487
<b>Excess of support and revenue over expenses before investment income (expenses)</b>	<b>386,267</b>	<b>35,996</b>
<b>Investment income (expenses)</b>		
Dividend and interest income <i>(Note 5), (Note 14)</i>	235,640	229,687
Unrealized gain (loss) on investments <i>(Note 14)</i>	123,173	(13,171)
Investment management fees <i>(Note 14)</i>	(42,682)	(13,421)
Realized gain (loss) on disposal of investments <i>(Note 14)</i>	(103,550)	32,918
	212,581	236,013
<b>Excess of support and revenue over expenses</b>	<b>598,848</b>	<b>272,009</b>

*The accompanying notes are an integral part of these financial statements*

**Episcopal Corporation of Saskatoon**  
**Statement of Changes in Net Assets**

*For the year ended June 30, 2020*

	<i>Unrestricted</i>	<i>Internally restricted</i>	<i>Invested in capital assets</i>	<b>2020</b>	<b>2019</b>
<b>Net assets beginning of year, as previously stated</b>	<b>1,264,239</b>	<b>996,139</b>	<b>929,208</b>	<b>3,189,586</b>	2,796,532
<b>Retrospective application of change in accounting policy (Note 2)</b>	<b>1,062,862</b>	-	-	<b>1,062,862</b>	1,183,907
<b>Net assets, beginning of year, as restated</b>	<b>2,327,101</b>	<b>996,139</b>	<b>929,208</b>	<b>4,252,448</b>	3,980,439
<b>Excess of support and revenue over expenses</b>	<b>598,848</b>	-	-	<b>598,848</b>	272,009
<b>Transfers (Note 8)</b>	<b>(722)</b>	<b>722</b>	-	-	-
<b>Net assets, end of year</b>	<b>2,925,227</b>	<b>996,861</b>	<b>929,208</b>	<b>4,851,296</b>	4,252,448

*The accompanying notes are an integral part of these financial statements*



**Episcopal Corporation of Saskatoon**  
**Statement of Cash Flows**  
*For the year ended June 30, 2020*

	<b>2020</b>	<i>2019</i> <i>Restated -</i> <i>Note 2</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of support and revenue over expenses	<b>598,848</b>	272,009
Unrealized loss (gain) on investments	<b>(123,173)</b>	13,171
Realized loss (gain) on disposal of investments	<b>103,550</b>	(32,918)
	<b>579,225</b>	252,262
Changes in working capital accounts		
Accounts receivable	<b>(121,960)</b>	103,129
Long term accounts receivable	<b>1,238</b>	103,907
Prepaid expenses and deposits	<b>5,831</b>	(24,112)
Accounts payable and accrued liabilities	<b>564,295</b>	357,979
Deferred revenue	<b>1,584</b>	(122,981)
	<b>1,030,213</b>	670,184
<b>Investing</b>		
Proceeds on disposal (purchase) of investments, net	<b>(1,603,125)</b>	(1,085,794)
<b>Increase (decrease) in cash resources</b>	<b>(572,912)</b>	(415,610)
<b>Cash resources, beginning of year</b>	<b>2,306,805</b>	2,722,415
<b>Cash resources, end of year</b>	<b>1,733,893</b>	2,306,805

*The accompanying notes are an integral part of these financial statements*

# Episcopal Corporation of Saskatoon

## Notes to the Financial Statements

For the year ended June 30, 2020

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### 1. Incorporation and nature of the organization

Episcopal Corporation of Saskatoon (the "Corporation") was incorporated under a private members bill in the Province of Saskatchewan.

The Corporation consists of the Bishop and other Canonically mandated offices as well as Pastoral ministries working with, and on behalf of, the Roman Catholic Parishes in the Diocese of Saskatoon.

### 2. Change in accounting policy

#### **Revenue recognition**

Effective July 1, 2019, the Corporation voluntarily changed its accounting policy with respect to revenue recognition for the Bishop's Annual Appeal and Parish Assessment collections. Previously, these campaigns were considered to run on a calendar year instead of following the fiscal year, so funds received between January to June of the current fiscal year were treated as deferred revenue, to be recognized in the next fiscal year. This led to an understatement of accounts receivable and overstatement of deferred revenue. It was determined in 2020 that the policy should be changed to be in accordance with ASNPO 4410 *Revenue Recognition*. The auditor's report was previously qualified regarding this policy choice.

The change in accounting policy was applied retrospectively, and prior periods have been restated.

The impact of this change in accounting policy for June 30, 2020 was to increase beginning net assets by \$1,062,862.

The cumulative effect in the prior year, was to increase beginning net assets by \$1,183,907, decrease revenue by \$121,045, increase accounts receivable by \$255,233, decrease deferred revenue by \$807,629, and increase ending net assets by \$1,062,862.

### 3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), except for the accounting policies noted for capital assets and the defined benefit pension plan, and include the following significant accounting policies:

#### **Basis of presentation**

The accompanying financial statements include the assets, liabilities, net assets and financial activities of the Corporation.

The parishes of the Diocese of Saskatoon are related to the Corporation by virtue of common control by the Bishop. The activities and accounts of these parishes are not consolidated in the financial statements.

#### **Financial instruments**

The Corporation recognizes its financial instruments when the Corporation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Note 5).

# Episcopal Corporation of Saskatoon

## Notes to the Financial Statements

For the year ended June 30, 2020

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### 3. Significant accounting policies (Continued from previous page)

The Corporation has elected to subsequently measure all investments at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of support and revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

#### **Financial asset impairment:**

The Corporation assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Corporation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Corporation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of support and revenue over expenses.

The Corporation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of support and revenues over expenses in the year the reversal occurs.

#### **Revenue recognition**

The Corporation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions, donations and collections, including those from the Bishop's Annual Appeal and Parish Assessments, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest on investments is recognized as revenue as it is earned. Gains and losses that arise from the sale of investments or that arise from changes in market values are recognized in the excess of support and revenue over expenses in the period that the gains and losses occurred.

#### **Cash and cash equivalents**

Cash and cash equivalents include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### **Capital assets**

Certain purchased capital assets are recorded at cost.

Amortization is not recorded on these capital assets, and not all capital assets are recorded, which is not in accordance with ASNPO.

#### **Employee future benefits**

The Corporation's employee future benefit program consists of a defined benefit plan for the benefit of the priests of the Diocese of Saskatoon.

The Corporation does not follow defined benefit plan accounting for this plan. Contributions to the plan are expensed as incurred, which is not in accordance with ASNPO.

#### **Foreign currency translation**

These financial statements have been presented in Canadian dollars, the principal currency of the Corporation's operations.

# Episcopal Corporation of Saskatoon

## Notes to the Financial Statements

*For the year ended June 30, 2020*

### 3. Significant accounting policies *(Continued from previous page)*

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of support and revenue over expenses for the current period.

#### **Contributed materials and services**

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Corporation's operations and would otherwise have been purchased.

#### **Government assistance**

The Corporation recognizes government assistance when there is reasonable assurance that it will comply with the conditions required to qualify for the assistance, and that the assistance will be received.

#### **Measurement uncertainty**

The preparation of financial statements in conformity with ASNPO requires 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 expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Government assistance is valued based on claims made under government support programs. These are new programs so there are uncertainties about the interpretation and application of the conditions of the programs and it is possible that differences in interpretation could lead to differences in eligible amounts determined.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of support and revenue over expenses in the periods in which they become known.

### 4. Restricted cash

During the year, the Corporation received \$140,403 from co-sponsors on immigration applications being handled by the Corporation's Migration Office. The use of the funds is restricted for financial support of the new migrants when they arrive in Canada, and will be held in trust until that time.

### 5. Related party transactions

During the year, the Corporation entered into transactions with the Diocese of Saskatoon Catholic Foundation Inc., and parishes of the Saskatoon Roman Catholic Diocese, organizations which are under common control. These transactions were made in the normal course of business and have been recorded at the exchange amounts, which is the amount of consideration established and agreed to by the parties. The balances receivable for the Parish Development Fund and Priests are under specific payment plans. The balances payable for the Parish Development Fund and all other amounts have no set repayment terms and are due on demand.

The particulars of the related party transactions with the Diocese of Saskatoon Catholic Foundation Inc. for the year are as follows:

	<b>2020</b>	<i>2019 Restated - Note 2</i>
<b>Support and revenue</b>		
Bishop's Annual Appeal	<b>981,199</b>	921,151

# Episcopal Corporation of Saskatoon

## Notes to the Financial Statements

*For the year ended June 30, 2020*

**5. Related party transactions** *(Continued from previous page)*

	2020	2019 <i>Restated - Note 2</i>
<b>Contributions from Diocese of Saskatoon Catholic Foundation Inc.</b>		
Clergy pension	222,700	372,000
Operations	127,500	127,500
Brazil mission	52,000	54,000
Other small initiatives	15,525	14,298
Prison Ministry	7,181	-
Refugee aid	121	2,401
	425,027	570,199

**Costs recovery and administration**

Occupancy fees	24,000	24,000
Office and administrative	40,960	27,722
	64,960	51,722

The particulars of the related party transactions with the parishes for the year are as follows:

**Support and revenue**

Parish assessments	1,176,320	1,250,523
Insurance and occupancy costs recovery and administration	501,311	480,301
Interest income on Parish Development Fund loan balances	22,978	27,245
	1,700,609	1,758,069

**Expenses**

Administration expense - insurance premiums	501,270	475,428
Occupancy costs - Holy Family Parish	167,080	149,080
Interest expense - Parish Development Fund	141,765	128,371
	810,115	752,879

**Included in current and long-term accounts receivable are amounts due from the following related parties:**

Parishes - parish assessments, insurance and other balances	224,806	288,093
Priests	143,265	75,109
Parishes - Parish Development Fund loans receivable	603,279	679,408
Diocese of Saskatoon Catholic Foundation Inc.	812,375	848,218
	1,783,725	1,890,828

**Included in accounts payable and accrued liabilities are amounts due to the following related parties:**

Parishes - Parish Development Fund	7,468,690	6,892,464
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**Episcopal Corporation of Saskatoon**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2020*

**6. Investments**

	2020	2019
<b>Measured at fair value:</b>		
Equities (book value: 2020 - \$4,558,113, 2019 - \$4,099,845)	4,660,219	4,201,567
Fixed income (book value: 2020 - \$3,143,763, 2019 - \$1,999,963)	3,201,245	2,037,149
	<b>7,861,464</b>	<b>6,238,716</b>

**7. Capital assets**

	2020 <i>Cost</i>	2019 <i>Cost</i>
Catholic Centre	416,998	416,998
Bishop's House	436,210	436,210
Guadalupe House	76,000	76,000
	<b>929,208</b>	<b>929,208</b>

**8. Restrictions on net assets**

***Internally restricted net assets***

The Council has internally restricted \$996,861 (2019 - \$996,139) of net assets to be used for specific program activities. These internally restricted amounts are not available for other purposes without approval of the Council and consist of the following:

	2020	2019
Insurance deductible reserve	289,816	289,816
Clergy medical reserve	214,813	214,813
International priests reserve	187,500	168,750
Capital building reserve	181,743	200,381
Laity education and formation reserve	62,000	62,000
Bishop's ordination reserve	20,531	18,031
Capital equipment reserve	16,320	16,320
Diaconal discernment reserve	15,000	15,000
Bishop's discretionary reserve	6,000	6,000
Mass stipends reserve	2,050	4,050
Ministries reserve	938	-
Pooled mileage reserve	150	978
	<b>996,861</b>	<b>996,139</b>

**9. Employee future benefits**

An independent actuarial review of the St. Joseph's Mutual Aid Society Pension Plan is conducted every three years with the last actuarial valuation for funding purposes performed at January 1, 2020. The evaluation prepared based on the going concern assumption reported an \$820,000 funding excess.

The total amount of pension expense included in clergy expense is \$246,029 (2019 - \$397,530).

# Episcopal Corporation of Saskatoon

## Notes to the Financial Statements

For the year ended June 30, 2020

### 10. Financial instruments

The Corporation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Corporation manages exposure by maintaining a diversified investment portfolio.

The Corporation is exposed to interest rate price risk with respect to its investments including bonds which are subject to fixed interest rates ranging from 1.92% to 3.66% (2019 - 1.94% and 3.19%). In seeking to minimize the risks from interest rate fluctuations, the Corporation manages its exposure by selecting investments with a variety of rates of return and maturity dates.

#### **Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign 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 Corporation's investments in publicly-traded securities exposes the Corporation to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets. The Corporation has an investment policy, which limits activity to those designated as moderate risk investments.

#### **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation enters into transactions denominated in United States currency for which the related cash and investment balances are subject to exchange rate fluctuations. This risk is not currently managed by the Corporation. As at June 30, 2020, the following items are denominated in United States currency:

	2020 CAD\$	2019 CAD\$
Cash	210,630	107,554
Investments	2,955,044	2,728,163

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation is exposed to credit risk through their outstanding accounts receivable with individual parishes, priests, and the Diocese of Saskatoon Catholic Foundation Inc.

#### **Credit concentration**

As at June 30, 2020, three contributors (2019 - three) accounted for 67% (2019 - 75%) of short and long-term accounts receivable. The Corporation believes that there is no unusual exposure associated with the collection of these receivables. The Corporation performs regular credit assessments of its contributors and provides allowances for potentially uncollectible accounts receivable.

#### **Liquidity risk**

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation manages its exposure to liquidity risk through maintaining liquid assets and through controlling its expenditures, which are partially discretionary based on revenues received.

# Episcopal Corporation of Saskatoon

## Notes to the Financial Statements

For the year ended June 30, 2020

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### 11. Income taxes

The Corporation is registered as a charitable organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Corporation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

### 12. Government assistance

In response to the negative economic impact of COVID-19, the Government of Canada announced the Temporary Wage Subsidy ("TWS") program in March 2020 and the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. TWS and CEWS provide wage subsidies on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, which for CEWS includes demonstration of revenue declines as a result of COVID-19. The TWS subsidy is retroactive to March 18, 2020 and ran for 3 months to June 19, 2020. The CEWS subsidy is retroactive to March 15, 2020.

The qualification and application of the CEWS is assessed over multiple four-week application periods. The Corporation has determined that it has qualified for the CEWS for the following periods during the year: Period 1: March 15 – April 11, 2020; Period 2: April 12 – May 9, 2020; Period 3: May 10 – June 6, 2020; Period 4: June 7 – July 4, 2020. The Corporation has applied for and received government assistance related to the CEWS in the amount of \$262,866 which has been reflected in revenue as government assistance.

The Corporation has determined that it has qualified for the TWS for March 18 - June 19, 2020. The Corporation has applied for and received government assistance related to the TWS in the amount of \$24,148 which has been reflected in revenue as government assistance.

### 13. Significant event

Prior to year-end, the global outbreak of COVID-19 (coronavirus) had a significant impact on businesses due to restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Corporation has been impacted by significant gathering size restrictions and cancellation of fundraising events.

In April 2020 the Government of Canada implemented the CEWS and TWS programs, whereby certain businesses could apply for a wage subsidy during the periods where their revenues have been reduced. See Note 12 for government assistance related to the current year. The Corporation expects to continue to receive the CEWS subsidy for certain periods it qualifies for after June 30, 2020.

At this time, the full impact the COVID-19 outbreak may have on the Corporation is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, and quarantine/isolation measures that are currently, or may be put, in place to fight the virus.

The Corporation continues to assess the situation as it evolves and make changes to its operations in response. While the extent of the impact is unknown, this outbreak has caused the changes as discussed above, and possible other changes not yet known, all of which could negatively impact the Corporation's business and financial conditions.



**Episcopal Corporation of Saskatoon**  
**Notes to the Financial Statements**

*For the year ended June 30, 2020*

**14. Parish Development Fund**

The financial statements of the Corporation include the following amounts relating to the Parish Development Fund:

	2020	2019
<b>Assets</b>		
Cash	582,030	1,278,411
Receivable from Parishes	603,279	679,408
Investments	6,255,997	4,883,825
	7,441,306	6,841,644
<b>Liabilities</b>		
Accounts payable - Parishes	7,098,897	6,524,394
Accounts payable - Cemetery	369,792	368,070
	7,468,689	6,892,464
<b>Investment income (expenses)</b>		
Investment income	124,245	81,410
Interest	22,978	27,245
Unrealized gain (loss) on investments	112,187	(8,349)
Realized loss on disposal of investments	(89,781)	(7,974)
Investment management fees	(33,302)	-
	136,327	92,332
<b>Expenses</b>		
Administrative	40	360
Interest	141,765	128,371
	141,805	128,731
<b>Deficiency of support and revenue over expenses</b>	(5,478)	(36,399)