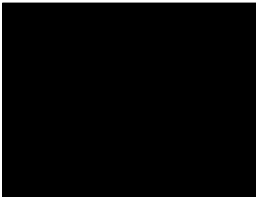


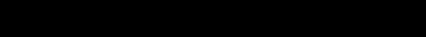
Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Parish and Diocesan Funds
Financial Statements
December 31, 2021

COPY - COPY



Independent auditor's report

To His  of Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Our qualified opinion

In our opinion, except for the effects and 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 Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada (the Corporation) as at December 31, 2021 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 (ASNPO).

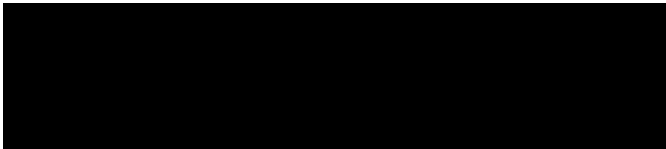
What we have audited

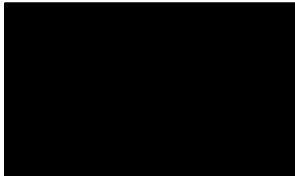
The Corporation's financial statements comprise:

- the balance sheet as at December 31, 2021;
- the statement of revenue and expenditure for the year then ended;
- the statement of change in deficit for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

The Corporation follows accounting and disclosure policies that are not in accordance with ASNPO as follows:

- the financial statements reflect an annual provision charge to the general reserve equal to the net property additions for the year and exclude deferred capital contributions; refer to note 2 to the financial statements for a summary of the financial effects of the misstatement;
 - the financial statements do not include all of the required disclosures related to controlled entities and significantly influenced entities and as a result, it is impracticable to quantify the financial effects of the misstatement; refer to note 1 to the financial statements for a list of entities noted; and
 - the Corporation includes 231 parishes, for which the accounting records of each parish are prepared on a cash basis mostly by volunteers, and therefore the impact of accrual accounting has not been reflected in the financial statements. Due to the number of parishes and there being no integrated system between the diocese and parishes, it is not practicable for us to quantify the financial effects of this misstatement to parishes' revenue, parishes' expenditures, excess of revenue over expenditures for the year and cash provided by operating activities for the years ended December 31,
- 



2021 and 2020, assets and liabilities as at December 31, 2021 and 2020 and the deficit as at the beginning and the end of the years ended December 31, 2021 and 2020.

In common with many not-for-profit organizations, the Corporation derives revenues from cash 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 church receipts, other receipts, special diocesan collections, donations, bequests and other income, Family of Faith Capital Campaign, excess of revenue over expenditures for the year and cash provided by operating activities for the years ended December 31, 2021 and 2020, current assets and liabilities as at December 31, 2021 and 2020 and the deficit as at the beginning and the end of the years ended December 31, 2021 and 2020.

Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the effects of the departures from ASNPO and the possible effects of this limitation in scope referred to above.

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

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 ASPNO, 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.



Auditor's responsibilities for the audit of the financial statements

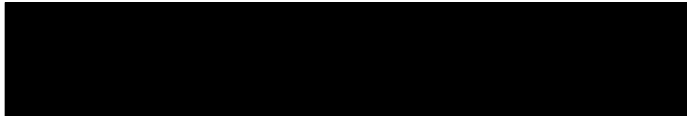
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

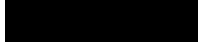


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Ontario



COPY 1 COPY 2

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Balance Sheet

As at December 31, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash and cash equivalents (note 3)	48,493,156	32,682,370
Special diocesan collections – restricted cash	1,547,036	1,055,306
Prepaid expenses	118,524	123,741
Accrued income	36,997	201,845
Other loans receivable, amounts receivable and deposits	13,276,036	9,522,168
	63,471,749	43,585,430
Advances to related entities (note 8)	15,786,820	16,829,246
Investments (note 4)	38,224,744	32,944,253
Loan receivable	995,035	995,035
	118,478,348	94,353,964
Capital assets (note 5)		
Parish properties	903,601,845	895,197,553
Diocesan properties	47,465,390	37,070,222
Land for new parishes	7,689,209	7,585,262
	958,756,444	939,853,037
Less: Amounts transferred from general reserve	(958,756,442)	(939,853,035)
	2	2
	118,478,350	94,353,966
Liabilities		
Current liabilities		
Amounts payable and accrued charges	62,233,015	48,569,814
Special diocesan collections – liabilities	1,547,036	1,055,306
Current portion of deferred contributions (note 7)	3,268,172	7,061,432
Bank indebtedness (note 6)	36,784,000	42,856,000
Parish bank loans	17,083,969	42,170,098
Less: Cash collateral for bank loans	(17,083,969)	(42,170,098)
	103,832,223	99,542,552
Deferred contributions (note 7)	21,746,769	22,070,520
Deferred revenue	1,410,695	1,488,020
	126,989,687	123,101,092
Deficit	(8,511,337)	(28,747,126)
	118,478,350	94,353,966
Commitments and contingencies (note 5)		

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Statement of Revenue and Expenditures

For the year ended December 31, 2021

	2021 \$	2020 \$
Revenue		
Parishes		
Church receipts, including special offerings, legacies and hall revenue	66,045,497	62,917,872
Other receipts	39,018,358	38,072,736
Special diocesan collections	9,092,809	8,175,390
Investment and rental income	1,594,323	1,601,097
Canada Emergency Wage Subsidy	5,581,937	15,431,350
	<u>121,332,924</u>	<u>126,198,445</u>
Diocesan		
Donations, bequests and other income	17,625,400	21,856,494
Gain on sale of properties	6,855,099	214,185
Family of Faith Capital Campaign (note 7)	1,914,748	1,665,229
Income from investments, loans and bank deposits	1,376,896	1,000,926
Canada Emergency Wage Subsidy	1,773,022	3,741,669
	<u>29,545,165</u>	<u>28,478,503</u>
	<u>150,878,089</u>	<u>154,676,948</u>
Expenditures		
Parishes		
Ordinary parish expenses	76,611,339	83,511,971
Special diocesan collections disbursed	9,058,984	8,147,386
	<u>85,670,323</u>	<u>91,659,357</u>
Diocesan		
Archdiocesan pastoral services and offices (schedule)	9,922,813	9,122,359
Archdiocesan administration (schedule)	11,109,593	10,173,286
Subsidies, donations and assessments (schedule)	4,172,744	3,976,509
Office of Clergy and Chaplaincy (schedule)	2,208,144	2,062,547
St. Augustine's Seminary	1,039,029	2,520,942
Family of Faith Capital Campaign (note 7)	1,422,166	1,228,297
Other	427,026	642,703
	<u>30,301,515</u>	<u>29,726,643</u>
	<u>115,971,838</u>	<u>121,386,000</u>
Excess of revenue over expenditures from operations	<u>34,906,251</u>	<u>33,290,948</u>
Change in fair value of investments	<u>4,232,945</u>	<u>1,479,484</u>
Excess of revenue over expenditures for the year	<u>39,139,196</u>	<u>34,770,432</u>

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Statement of Change in Deficit

For the year ended December 31, 2021

	2021 \$	2020 \$
Deficit – Beginning of year	(28,747,126)	(35,971,658)
Excess of revenue over expenditures for the year	39,139,196	34,770,432
Appropriations for parish and diocesan properties reserves (note 2)	(18,903,407)	(27,545,900)
Deficit – End of year	<u>(8,511,337)</u>	<u>(28,747,126)</u>
Comprising		
Parish Funds – net of appropriations	(89,124,563)	(109,251,829)
Parish bank borrowing guarantee	17,083,969	42,170,098
Diocesan Discretionary Funds	9,415,262	9,415,262
Diocesan General Funds	54,113,995	28,919,343
	<u>(8,511,337)</u>	<u>(28,747,126)</u>

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

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Statement of Cash Flows

For the year ended December 31, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	39,139,196	34,770,432
Items not involving cash		
Gain on sale of properties	(6,855,099)	(214,185)
Change in fair value of investments	(4,232,945)	(1,479,484)
Investment income reinvested	(1,047,546)	(754,152)
Changes in non-cash working capital items		
Prepaid expenses	5,217	200,019
Accrued income	164,848	154,707
Other loans receivable, amounts receivable and deposits	(3,753,868)	(3,098,121)
Advances to related entities	1,042,426	622,612
Amounts payable, loans and accrued charges	7,591,201	13,186,237
Deferred contributions	(4,117,011)	2,180,583
Deferred revenue	(77,325)	(77,338)
	<u>27,859,094</u>	<u>45,491,310</u>
Investing activities		
Purchase of properties	(19,867,023)	(28,597,543)
Proceeds on disposal of properties	7,818,715	1,265,828
Loan receivable	-	10,257
	<u>(12,048,308)</u>	<u>(27,321,458)</u>
Financing activities		
Parish bank loans – net	(25,086,129)	2,666,391
Decrease in cash collateral	25,086,129	(2,666,391)
	<u>-</u>	<u>-</u>
Change in cash and cash equivalents during the year	<u>15,810,786</u>	<u>18,169,852</u>
Cash and cash equivalents – Beginning of year	<u>32,682,370</u>	<u>14,512,518</u>
Cash and cash equivalents – End of year	<u>48,493,156</u>	<u>32,682,370</u>

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

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Schedule of Archdiocesan Expenditures

For the year ended December 31, 2021

	2021 \$	2020 \$
Archdiocesan pastoral services and offices		
Office of the Judicial Vicar	2,100,914	256,134
Hospital Chaplaincies	1,318,814	1,410,936
Office of Catholic Youth	750,005	811,672
Office for Formation of Discipleship	597,920	787,465
Office of Public Relations and Communications	597,909	686,417
Office for Refugees	403,800	667,846
Office of Development	377,234	306,239
Archives	340,274	355,805
York University Chaplaincy	318,781	376,646
Office of Vocations	295,990	340,194
Newman Centre Catholic Mission	284,231	307,336
Office of the Permanent Diaconate	220,179	249,864
Other Chaplaincies	211,032	224,233
Office of Marriage and Family Life	159,491	211,732
U.O.I.T. University Chaplaincy	153,335	133,751
Office of Planning and Properties	152,407	161,536
Housing Ministry	152,407	161,536
Ryerson University Chaplaincy	143,600	210,554
Stewardship and Parish vitality	139,509	136,108
UTSC University Chaplaincy	117,899	131,740
Catechesis of the Good Shepherd	115,726	137,154
Ministry of the Deaf	115,688	117,423
Volunteer Screening Initiative	114,992	106,739
Inner City Apostolate	90,000	90,000
Television Ministry	90,000	104,000
Group Procurement Program	89,464	87,444
UTM University Chaplaincy	74,433	69,697
New Beginnings	69,321	149,321
Airport Chaplaincy	68,198	69,304
Latin Mass Celebration	64,643	64,608
St. Monica Institute	62,211	-
Pastoral Mission	36,097	36,035
Co-operative Mission Plan	29,926	36,021
Immigrant Peoples' Ministries	24,192	23,465
Parish Training Centre	24,191	85,404
Native Peoples' Ministry	18,000	18,000
	<u>9,922,813</u>	<u>9,122,359</u>
Archdiocesan administration		
Salaries, pension and benefits	7,339,437	6,831,967
General, office and administrative	3,605,107	2,996,256
Property maintenance	165,049	345,063
	<u>11,109,593</u>	<u>10,173,286</u>

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Schedule of Archdiocesan Expenditures ...continued

For the year ended December 31, 2021

	2021 \$	2020 \$
Subsidies, donations and assessments		
Matrimonial tribunals	2,225,240	1,995,679
Other subsidies and donations	1,253,815	1,167,307
Canadian Conference of Catholic Bishops	628,698	619,983
Assembly of Catholic Bishops of Ontario	64,991	193,540
	<u>4,172,744</u>	<u>3,976,509</u>
Office of Clergy and Chaplaincy		
Education, sabbatical and other	1,744,364	1,528,526
Administration	463,780	534,021
	<u>2,208,144</u>	<u>2,062,547</u>
	<u>27,413,294</u>	<u>25,334,701</u>

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Notes to Financial Statements

December 31, 2021

1 Nature of operations

Purpose and community of service

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada (the Corporation), referred to as the Archdiocese of Toronto, was established for the advancement of Roman Catholic religious worship, instruction and ministry in Toronto. The Corporation was incorporated in 1845 by a special act of the then legislative assembly of the Province of Canada.

The Corporation has a not-for-profit status and is classified under the Income Tax Act (Canada) as a registered charitable organization.

Basis of preparation

The financial statements of the Corporation include parish and diocesan funds and have been prepared on a going concern basis. The Diocesan Funds sector accounts are maintained at the Chancery Office, while the Parish Funds sector accounts are maintained in the parishes. Each of the 231 parishes is required to submit to the Chancery Office semi-annual reports of receipts and payments and assets and liabilities.

Controlled entities and significantly influenced entities

The Corporation effectively controls, due to its right to appoint the majority of the voting members of other legal entities' Boards of Directors, the following entities: Catholic Cemeteries & Funeral Services – Archdiocese of Toronto, Catholic Register, St. Augustine's Seminary of Toronto, ShareLife, Canadian Martyrs Seniors' Residence East York, Inc., Immaculate Conception Senior Citizens' Residence Port Perry, Our Lady of Victory Senior Citizens' Residence (York) Inc., St. Joseph's Senior Citizens' Apartments, St. Mary's Seniors' Residence Barrie Inc., St. Mary's Senior Citizens' Residence Oshawa, St. Mary's Senior Citizens' Residence Brampton Inc., St. Peter's Seniors' Residence Woodbridge, Inc., Thornhill St. Luke's Senior Home Inc., Redemptoris Mater Seminary, St. Michael's Choir School, Archdiocese of Toronto Fixed Master Trust and Archdiocese of Toronto Balanced Master Trust, The Fund for the Pension Plan for the Lay Employees of the Archdiocese of Toronto, The Fund of the Pension Plan for the Employees of the Catholic Cemeteries. These entities have not been consolidated in the financial statements of the Corporation nor are the financial activities disclosed, since separate audited financial statements are produced for each entity and the nature of operations of the individual entities varies. Therefore, consolidated financial statements would not provide additional meaningful information that is not already available to the users.

The Corporation effectively has significant influence over Shepherd's Trust.

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Notes to Financial Statements

December 31, 2021

2 Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) except for:

- an annual provision charge to the general reserve equal to the net property additions for the year and exclusion of deferred capital contributions;
- the inclusion of required disclosures related to non-consolidated controlled entities and significantly influenced entities; and
- parish revenues are recorded on a cash basis.

The more significant of the accounting policies are outlined below.

Capital assets

Parish capital assets consist mainly of church lands, buildings, equipment and parish halls. Diocesan capital assets include land, buildings and land held for new parish development.

Capital assets are recorded at cost or, when acquisition has resulted from a bequest, at the estimated fair value, or nominal value when an estimate of fair value cannot reasonably be made.

Capital expenditures are added to the cost of properties. An annual provision is made by a charge to the general reserve equal to the net property additions during the year. This policy is not in accordance with ASNPO, which requires that amortization of capital assets be recorded on a systematic basis, such as estimated useful life. Based on available capital asset information from the fiscal year ended December 31, 1998 and onwards, if appropriate amortization of the Corporation's capital assets had been recorded for the current year, amortization would have increased by \$17,933,808 (2020 – \$17,461,223), excess of revenue over expenditures for the year would have decreased by the same amount and appropriations for parish and diocesan properties reserves would have decreased by the same amount. The cumulative effect of recording appropriate amortization is that the year-end accumulated amortization would have increased by \$183,959,211 (2020 – \$166,026,192), the ending reserves would have increased by \$520,622,075 (2020 – \$519,651,687) and the amounts transferred from the general reserve would have decreased by \$704,581,562 (2020 – \$685,678,156). Furthermore, the information for pre-1998 capital asset expenditures in the amount of \$257,541,550 is not readily available and therefore it is not practicable to quantify the impact of the misapplication of ASNPO on the amortization for the years ended December 31, 2021 and December 31, 2020, the accumulated amortization and amounts transferred from general reserve as at December 31, 2021 and December 31, 2020 and the reserves as at January 1, 2021, December 31, 2021 and December 31, 2020.

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Notes to Financial Statements

December 31, 2021

The Corporation is of the view that maintaining its current policy of accounting for capital assets is preferable to adopting the capital asset standard of the Chartered Professional Accountants of Canada (CPA Canada) in that the overwhelming majority of its capital assets pertain to parish churches, halls and rectories, and there is no reasonable way to estimate useful life as it is the intention that, with proper maintenance, these properties have an indeterminable life. This would produce a presentation in the financial statements that, in the view of the Corporation, would not be useful.

Revenue recognition

The Corporation follows the deferral method of accounting for revenue, including donations and bequests. Contributions received for acquisition of capital expenditures are deferred until spent. Church receipts, special diocesan collections, Family of Faith Campaign revenue and investment income are recognized when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Restricted donations and bequests are deferred and recognized as revenue in the year in which the related expenditure is recognized.

Government grants are recognized as revenue in the year in which the related expenditure is recognized.

Reserves

The following reserves have been established:

- **Parish Funds – net of appropriations**

These funds represent monies expended on parish capital assets in excess of parish reserves.

- **Parish bank borrowing guarantee**

This amount has been set aside in respect of funds on deposit with the bank as collateral for bank loans to parishes.

- **Diocesan Discretionary Funds**

These funds are set aside for discretionary use by the Archdiocese of Toronto.

- **Diocesan General Funds**

These funds represent the excess of accumulated diocesan net revenue over accumulated appropriations.

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Notes to Financial Statements

December 31, 2021

Special diocesan collections

Special collections are cash donations received from members of the various parishes for a specific cause or purpose determined by the Archdiocese of Toronto. These funds are collected and then remitted to the respective cause or purpose.

Parish bank loans

Parish bank loans consist of loans to fund building projects and the ongoing needs of the parishes. The loans are secured by the cash collateral provided by the Archdiocese of Toronto. Effective April 1, 2020, the annual interest rate was reduced from 4% to 2.5%. The loans are repayable within the next year.

Pension plan

The Corporation maintains a defined contribution pension plan for all eligible lay employees. Employer contributions to the plan for the year were \$1,001,683 (2020 – \$1,036,769).

Financial instruments

The Corporation initially measures all its financial assets and financial liabilities at fair value and subsequently at amortized cost, except for investments, which are recorded at fair value. Changes in fair value are recognized in the statement of revenue and expenditures. Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

Transactions are recorded on a settlement date basis and are expensed as incurred.

3 Cash and cash equivalents

Cash and cash equivalents include bankers' acceptances with maturities of less than one year, and are recorded at fair value.

Cash and cash equivalents are comprised of the following:

	2021 \$	2020 \$
Cash	26,392,562	21,082,532
Bankers' acceptances	22,100,594	11,599,838
	<u>48,493,156</u>	<u>32,682,370</u>

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Notes to Financial Statements

December 31, 2021

4 Investments

On January 1, 2013, the Archdiocese of Toronto established two Master Trusts, referred to as "Archdiocese of Toronto Fixed Master Trust" and "Archdiocese of Toronto Balanced Master Trust" and they commenced operation on May 1, 2013. The Archdiocese of Toronto acts as the Trust Administrator and in such capacity manages the investment portfolio within the parameters of the Trusts' investment objectives. The Archdiocese of Toronto is one of the participants in the Trusts.

The Corporation is invested in units of the Archdiocese of Toronto Balanced Master Trust (the Trust). Units of the Trust are not offered to the public by way of prospectus but are offered privately by way of offering memorandum. Units are issued pursuant to the Amended and Restated Master Trust Agreement. Units of the Trust are redeemable monthly at the option of the unitholders in accordance with the provisions of the declaration of trust at their net asset value and do not have any nominal or par value.

Investments held by the Trust consist of a portfolio of pooled funds invested in bonds, equities and/or treasury bills managed by independent investment managers. The fair value of securities held by the pooled funds and traded in an active market is based on the closing market price under International Financial Reporting Standards (IFRS). Cost represents proceeds paid on investment purchases, reinvestment of distributions and other investment income and is net of investment dispositions.

Details of the cost and fair value for investments held are as follows:

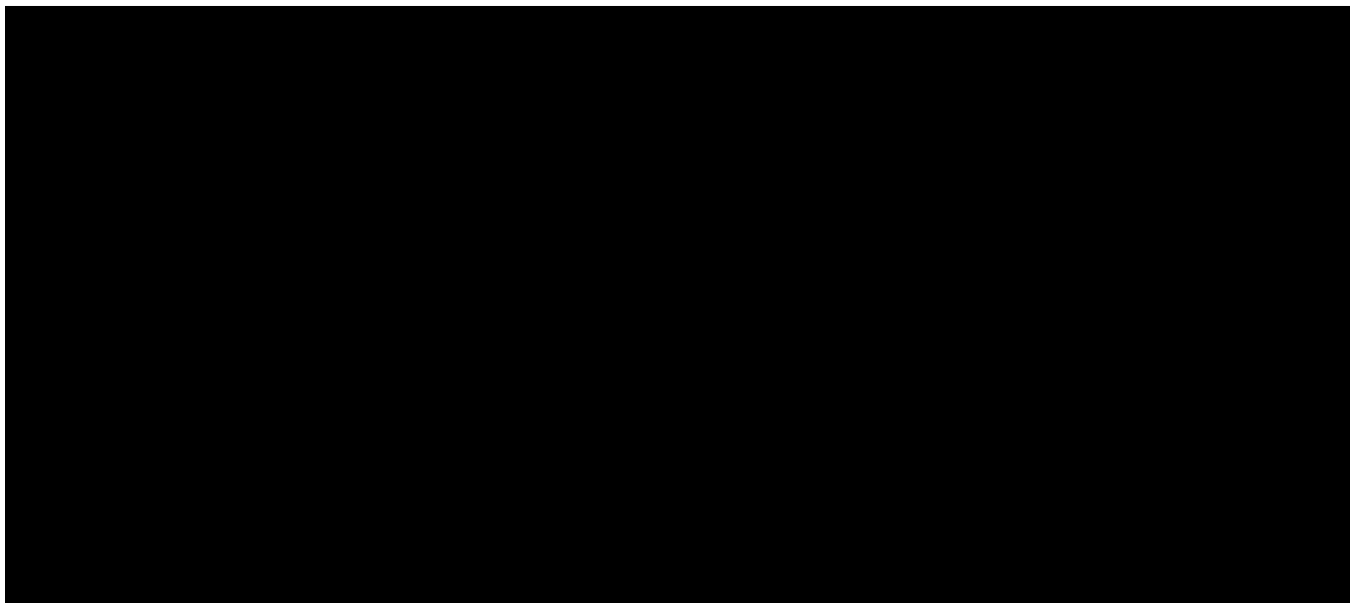
	Cost	2021 Fair value	Cost	2020 Fair value
	\$	\$	\$	\$
Pooled funds and other	33,064,039	38,224,744	32,001,512	32,944,253

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Notes to Financial Statements

December 31, 2021

5



6 Credit standby arrangement and loan facility

The Corporation has established a credit facility with a financial institution consisting of a demand operating credit of \$5,000,000 with interest calculated at the financial institution's prime rate minus 0.75% per annum. On January 5, 2022, the demand operating credit will increase to \$10,000,000 until August 31, 2022, at which point the credit limit will revert to \$5,000,000. As at December 31, 2021, \$nil (2020 – \$3,000,000) was drawn from the demand operating facility.

In addition, the Corporation has a demand instalment loan for \$36,784,000 (2020 – \$39,856,000), bearing interest at 0.41% to 0.46% (2020 – 0.72% to 2.24%), that was used to assist in the restoration of St. Michael's Cathedral. Commencing January 1, 2019, the Corporation has been making principal repayments of the loan, over 15 years, at an agreed amount of \$256,000 monthly plus interest.

	2021 \$	2020 \$
Demand instalment loan	36,784,000	39,856,000
Demand operating credit facility	-	3,000,000
	<u>36,784,000</u>	<u>42,856,000</u>

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Notes to Financial Statements

December 31, 2021

7 Deferred contributions

In fiscal 2013, the Archdiocese of Toronto embarked on a capital campaign to raise \$105 million to strengthen its Catholic Family. The funds to be raised in partnership with the parishes and Catholic leaders from the community will address priorities as identified in the Pastoral Plan. Deferred contributions consist of the contributions received from the Family of Faith Capital Campaign that have not been spent at year-end for their intended purpose.

The following represents the changes in the deferred contributions during the year:

	2021 \$	2020 \$	Cumulative to 2021 \$
Balance – Beginning of year	29,131,953	26,951,369	-
Capital Campaign Funds received	1,726,299	8,569,480	144,795,635
Funds expended for programs	1,914,748	1,665,229	26,491,551
Less:			
Program costs funded by Archdiocese of Toronto	(3,042,217)	-	(3,042,217)
Funds distributed to the Diocese	(503,294)	(2,844,960)	(74,986,303)
Funds distributed to the Parishes	(3,916,063)	(4,834,516)	(53,415,298)
Funds distributed to others	-	-	(1,102,773)
Capital Campaign costs	(296,485)	(374,649)	(13,725,654)
Balance – End of year	25,014,941	29,131,953	25,014,941
Less: Current portion of deferred contribution	3,268,172	7,061,432	3,268,172
Long-term portion of deferred contribution	21,746,769	22,070,521	21,746,769

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Notes to Financial Statements

December 31, 2021

The Family of Faith revenue is reconciled to the qualifying expenditures as follows:

	2021 \$	2020 \$	Cumulative to 2021 \$
Diocese			
Family of Faith revenue	1,914,748	1,665,229	65,341,427
Family of Faith qualifying expenditures:			
Parishes capital expenditures			
St. Michael's Cathedral capital expenditures	-	-	25,000,000
Ryerson Catholic Chaplaincy	-	-	1,000,000
Guardian Angels parish capital expenditures	-	-	4,000,000
St. Josephine Bakhita parish capital expenditures	-	-	4,000,000
Other parishes capital expenditures	-	-	7,951,005
Lay Pastoral Associates expenditures	238,069	279,652	824,812
Youth Ministry expenditures	278,893	253,883	2,510,618
Family of Faith Capital Campaign costs	296,485	374,649	13,725,654
Family of Faith expenditures – others	1,101,301	757,045	6,329,338
	1,914,748	1,665,229	65,341,427
Parish			
Family of Faith expenditures	3,916,063	4,834,516	53,415,298
Add: Youth and Pastoral Associates expenditures	516,962	533,535	3,335,430
Family of Faith qualifying expenditures	4,433,025	5,368,051	56,750,728

8 Advances to related entities

Advances to related entities are non-interest bearing with no fixed terms of repayment. Advances have been made to the following related entities:

	2021 \$	2020 \$
St. Augustine's Seminary	15,486,920	16,529,346
Catholic Register	299,900	299,900
	15,786,820	16,829,246

Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Notes to Financial Statements

December 31, 2021

9 Financial risk management

The Corporation is exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. The Corporation has adopted an integrated risk management framework. The framework provides a consistent methodology to manage risks across the Corporation.

Market risk

The Corporation is exposed to market risk through the fluctuation of the fair value of investments due to changes in market prices. The Corporation is exposed to market risk through other price risk.

Other price risk is the risk the fair value of financial instruments will fluctuate due to changes in market prices, 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 manages this risk for the portfolio through diversification by investing in a variety of investments in the Trust and the portfolio is governed by the Archdiocese Investment Advisory Committee.

Credit risk

Credit risk is the risk of financial loss resulting from a counterparty's inability or refusal to honour its contractual obligations to the Corporation. The Corporation's credit risk exposure relates to cash, investments receivables and advances on the balance sheet. The Corporation's credit risk is limited as it places its cash with major Canadian financial institutions of high creditworthiness and investments are managed within the Trust.

Liquidity risk

Liquidity risk results from the Corporation's potential inability to meet its obligations associated with the financial liabilities as they come due. The Corporation manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities to ensure it has sufficient available funds to meet current and foreseeable financial requirements. The Corporation's exposure to liquidity risk relates to the balance of amounts payable, loans and accrued charges.

10 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.