The Roman Catholic Episcopal Corporation of Yarmouth
Non-Consolidated Financial Statements
December 31, 2020
(Unaudited)

The Roman Catholic Episcopal Corporation of Yarmouth
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For the year ended December 31, 2020
(Unaudited)

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Independent Practitioner's Review Engagement Report

To the Most Reverend Brian Dunn
Archbishop of Yarmouth
The Roman Catholic Episcopal Corporation of Yarmouth:

We have reviewed the accompanying non-consolidated financial statements of The Roman Catholic Episcopal Corporation of Yarmouth that comprise the non-consolidated statement of financial position as at December 31, 2020, and the non-consolidated statements of operations, changes in net assets (deficit) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility
Our responsibility is to express a conclusion on the accompanying non-consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of non-consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these non-consolidated financial statements.

Basis for Qualified Conclusion
In common with many charitable organizations, the organization derives many different types of revenues from the general public, including donations, contributions, bequests and gifts, the completeness of which is not susceptible to satisfactory review verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Corporation and we were not able to determine whether any adjustments might be necessary to the non-consolidated statements.

The Corporation controls numerous parishes as part of its operations, the assets, liabilities, net assets and operating results of which should be disclosed in the notes to the non-consolidated financial statements. The cost of providing this information outweighs the benefit as management has access to the financial statements of the controlled entities.Therefore, this disclosure is not provided in the non-consolidated financial statements.

Qualified Conclusion
Based on our review, except for the possible effects of the matters described in the Basis for Qualified Conclusion paragraphs, nothing has come to our attention that causes us to believe that the non-consolidated financial statements do not present fairly, in all material respects, the financial position of The Roman Catholic Episcopal Corporation of Yarmouth as at December 31, 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.

Emphasis of Matter
We draw attention to note 1 in the non-consolidated financial statements which describes the basis of presentation used in preparing these non-consolidated financial statements.

We draw attention to note 12 in the non-consolidated financial statements which describes a class action lawsuit that the Corporation has been named in.

Dartmouth, Nova Scotia

July 27, 2021

MNP LLP

Chartered Professional Accountants

The Roman Catholic Episcopal Corporation of Yarmouth
Non-Consolidated Statement of Financial Position
As at December 31, 2020
(Unaudited)

	2020	2019
Assets		
Current		
Cash and cash equivalents	**140,478**	309,285
Accounts receivable *(Note 3)*	**95,810**	69,073
Current portion of long-term investments *(Note 4)*	**502,196**	353,961
Prepaid expenses and deposits	**-**	4,567
	738,484	736,886
Investments *(Note 4) (Note 5)*	**2,917,924**	2,500,363
Cash surrender value of life insurance	**7,074**	6,991
	3,663,482	3,244,240
Liabilities		
Current		
Accounts payable and other accruals *(Note 6)*	**194,380**	269,195
Special purpose funds	**23,360**	19,468
Bank indebtedness *(Note 7)*	**280,000**	310,000
Current portion of parish funds on deposit *(Note 8)*	**-**	59,807
	497,740	658,470
Parish funds on deposit and other long-term liabilities *(Note 8)*	**2,861,364**	2,435,425
	3,359,104	3,093,895
Contingent liabilities *(Note 11)*		
Covid-19 *(Note 1)*		
Net Assets		
Net assets	**304,378**	150,345
	3,663,482	3,244,240

Approved on behalf of the board

Director

The accompanying notes are an integral part of these non-consolidated financial statements

The Roman Catholic Episcopal Corporation of Yarmouth
Non-Consolidated Statement of Operations
For the year ended December 31, 2020
(Unaudited)

	2020	*2019*
Revenue		
Parish contributions based on revenues	**127,800**	252,218
Investment income *(Note 5)*	**93,276**	81,894
Interest from parishes	**2,333**	2,077
Canada Emergency Wage Subsidy *(Note 1)*	**32,626**	-
	256,035	336,189
Expenses		
General	**83,311**	102,085
Business office	**22,703**	17,025
Infirm and retired priests	**64,007**	30,119
Assistance to parishes	**61,312**	27,888
Chaplaincy	**29,261**	108
Catechetics	**42,172**	47,063
CCCB	**14,764**	15,654
	317,530	239,942
(Deficiency) excess of revenues over expenses before other income (expenses)	**(61,495)**	96,247
Other income (expenses)		
Recoveries	**30,882**	9,213
Interest parish *(Note 9)*	**(65,953)**	(58,080)
Interest other	**(9,322)**	(14,701)
Investment and management fees *(Note 5)*	**(19,213)**	(17,794)
Bad debt recoveries (expense) *(Note 9)*	**104,388**	(161)
Realized gain on investments *(Note 5)*	**29,034**	62,671
Unrealized gain on investments *(Note 5)*	**145,712**	249,794
	215,528	230,942
Excess of revenue over expenses	**154,033**	327,189

The accompanying notes are an integral part of these non-consolidated financial statements

The Roman Catholic Episcopal Corporation of Yarmouth
Non-Consolidated Statement of Changes in Net Assets (Deficit)
For the year ended December 31, 2020
(Unaudited)

	2020	2019
Net assets (deficit), beginning of year	**150,345**	(176,844)
Excess of revenue over expenses	**154,033**	327,189
Net assets, end of year	**304,378**	150,345

The accompanying notes are an integral part of these non-consolidated financial statements

The Roman Catholic Episcopal Corporation of Yarmouth
Non-Consolidated Statement of Cash Flows
For the year ended December 31, 2020
(Unaudited)

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**154,033**	327,189
Unrealized gain on investments	**(145,712)**	(249,794)
	8,321	77,395
Changes in working capital accounts		
Accounts receivable	**(26,737)**	11,959
Prepaid expenses and other deposits	**4,567**	(4,567)
Accounts payable and other accruals	**(74,815)**	231,261
Special purpose funds	**3,892**	944
	(84,772)	316,992
Financing		
Repayment of demand loan	**(30,000)**	(50,000)
Receipt of parish funds on deposit	**475,710**	45,606
Repayment of parish funds on deposit	**(110,902)**	(30,585)
(Receipt) repayment of other long-term liabilities	**1,324**	(1,324)
	336,132	(36,303)
Investing		
Purchase of investments	**(569,731)**	(319,916)
Realized gain on investments	**29,034**	62,671
Proceeds on disposal of investments	**120,613**	146,259
Increase in cash surrender value of life insurance	**(83)**	(81)
	(420,167)	(111,067)
Increase (decrease) in cash resources	**(168,807)**	169,622
Cash resources, beginning of year	**309,285**	139,663
Cash resources, end of year	**140,478**	309,285

1. Incorporation and nature of the organization

The Roman Catholic Episcopal Corporation of Yarmouth was incorporated as a corporation sole under the statutes of the Province of Nova Scotia on March 31, 1849. The Corporation is a registered charity and, as a result, is exempt from income tax pursuant to paragraph 149 (1) (f) of the Income Tax Act.

The Roman Catholic Episcopal Corporation of Yarmouth (the "Corporation") is the ministerial and administrative centre for the Archdiocese of Yarmouth. Its purpose is to provide support and services to the parishes within the county of Yarmouth.

The Archdiocese of Yarmouth controls several related entities including the parishes.

These non-consolidated financial statements reflect the assets, liabilities and operations of the Corporation. The non-consolidated financial statements do not reflect the assets, liabilities, and operations of the parishes within the Archdiocese or any other related entities. The financial statements of these entities are all readily available to management.

COVID-19

During the year, there was a global outbreak of COVID-19 (Coronavirus), which had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments

The impact of Covid resulted in the Corporation suspending Parish assessments for the period March to August 2020, with the assessments beginning again in September. The loss in revenues from assessments has been partially offset by the Corporation claiming the Canada Emergency Wage Subsidy. The Corporation relies on revenue from donations as a significant income source, which has been reduced in 2020 as a result of the pandemic. The implementation of electronic giving has helped reduce the lost revenues during the year, and is expected to continue going forward.

Canada Emergency Wage Subsidy (CEWS)

In March 2020, the Government of Canada announced the introduction of the Canada Emergency Wage Subsidy (CEWS) to support employers that are hardest hit by the pandemic and protect jobs Canadians depend on. The subsidy generally covers 75% of an employee's wages (to a maximum) for employers of all sizes and across all sectors who have suffered a drop in gross revenue of at least 15% in March, 30% in April-June and at varying rates from July 2020 to June 2021. The Company determined that it would be eligible for the CEWS and has applied for such assistance from the Government of Canada. As at December 31, 2020, the Company has received $32,626 in assistance from the CEWS program, of which $5,596 was receivable at year end. Subsequent to year end, the Corporation applied to receive the CEWS in the amount of $3,211 for the period covering January 1 through March 13, 2021.

The Corporation has not claimed the Temporary Wage Subsidy.

2. Significant accounting policies

The non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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 are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

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 9).

At initial recognition, the Corporation may irrevocably elect to subsequently measure any financial instrument at fair value. The Corporation has not made such an election during the year.

The Corporation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Any gain or loss is recognized in the statement of operations. 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 revenues 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. The Corporation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. 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 revenues over expenditures.

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 statement of operations in the year the reversal occurs.

Investments

Investments are accounted for at market value. The market value of the Corporation's portfolio of securities is determined based on the closing price reported on recognized securities exchanges and on over-the-counter markets. Such indicated market values do not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations. Investment transactions are accounted for on the trade date and realized gains and losses from such transactions are calculated on the average cost basis.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity 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 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.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the year in which they become known.

Contributed materials

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.

3. Accounts receivable

	2020	*2019*
Receivable from parishes	**99,890**	67,713
Other receivables	**9,367**	1,360
HST receivable	**3,484**	-
Receivable from Church Point	**-**	89,502
Allowance for doubtful accounts	**(16,931)**	(89,502)
	95,810	69,073

4. Investments

	2020	*2019*
Measured at fair value:		
Nesbitt Burns - cemetery #1	**959,664**	841,178
Nesbitt Burns - cemetery #2	**645,169**	604,891
Nesbitt Burns - vocation and parish	**1,815,287**	1,408,255
	3,420,120	2,854,324
Less: current portion	**502,196**	353,961
	2,917,924	2,500,363

Current portion of investments consist of cash and short term investments maturing within one year. It is management's intention to reinvest short term investments upon maturity.

5. Investment income

	2020	*2019*
Revenues		
Dividends	**81,772**	72,731
Interest	**11,504**	9,163
	93,276	81,894
Gains (losses)		
Realized gain on investments	**29,034**	62,671
Unrealized gain (loss) on investments	**145,712**	249,794
	174,746	312,465
Expenditures		
Management fees	**(19,213)**	(17,794)
	248,809	376,565

Average funds invested during fiscal year 2020 were $3,137,222 (2019 - $2,673,933), resulting in a return on investment of 7.93% (2019 - 14.08%).

6. Accounts payable and other accruals

	2020	*2019*
Accounts payable and accruals	**194,380**	253,591
HST payable	**-**	15,604
	194,380	269,195

Included in accounts payable and accruals are payables to parishes of $16,738 (2019 - $141,043), payable to the Roman Catholic Episcopal Corporation of Halifax of $74,449 (2019 - $65,394) and general payables of $103,193 (2019 - $47,154).

7. Bank indebtness

Bank indebtedness includes an operating demand loan amounting to $500,000 (2019 - $500,000) of which $280,000 (2019 - $310,000) was drawn down. The operating loan bears interest at prime plus 0.50% (2019 – prime plus 0.50%). Assets pledged as collateral are Nesbitt Burns cemetery investments, with a market value of $1,604,833 (2019 – $1,446,069).

8. Parish funds on deposit and other long-term liabilities

	2020	*2019*
Parish funds on deposit	**2,855,271**	2,490,463
Self insurance fund	**6,093**	4,769
	2,861,364	2,495,232
Less: current portion	**-**	59,807
	2,861,364	2,435,425

These deposits bear interest at prime less 1.5% and have no specified repayment terms. The Corporation usually has advance warning of any upcoming repayments to be requested on these loans. Amounts requested and not yet paid have been classified as current payables. The remaining balances have been classified as long-term.

9. Related party transactions

In the normal course of its operations, the Corporation enters into transactions with its controlled entities. In addition to transactions disclosed elsewhere in these non-consolidated financial statements, certain controlled entities also participate with the Corporation in group health and insurance plans with nominal amounts being paid to the Corporation for participation. These transactions are in the normal course of operations and have been recorded at their exchange amounts.

The Corporation paid management fees of $12,000 (2019 - $12,000) to a related party for administrative and accounting services, $75,932 (2019 - $94,213) for legal fees and $14,764 (2019 - $15,654) for Council of Catholic Bishops' Assessment.

The Corporation paid interest on parish funds on deposit totaling $65,953 (2019 - $58,079). During the year, the Corporation recorded a bad debt recovery of $104,388. The original receivable was owing from a parish that sold an asset in 2020. This sale enables the parish to pay the balance that was owing to the Corporation that was previously allowed for as a doubtful account.

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.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk on its floating interest rate financial instruments, which subjects it to a cash flow risk. Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or 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 is subject to market risk, currency risk, interest rate and other price risk with respect to its investment portfolio. To manage these risks, the Corporation has established a target mix of investment types designed to achieve the optimal return within reasonable risk tolerances. In addition these risks are mitigated through the use of professional investment managers.

Credit concentration

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 incurred bad debts recovery (expense) of $104,388 (2019 - ($161)).

11. Contingent liabilities

The Corporation has been named in a number of claims as one of the parties responsible in regards to alleged mistreatment of individuals. No amount has been accrued in these non-consolidated financial statements in respect of these claims.

Also, the Corporation has been named in a class action claim. The number of claimants are unknown and no amount has been claimed. No amount has been accrued in these non-consolidated financial statements in respect of this claim.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.