The Roman Catholic Episcopal Corporation of Halifax
Non-Consolidated Financial Statements
December 31, 2022

Contents

For the year ended December 31, 2022

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

Qualified Opinion

We have audited the non-consolidated financial statements of The Roman Catholic Episcopal Corporation of Halifax (the "Corporation"), which comprise the non-consolidated statement of financial position as at December 31, 2022, the non-consolidated statements of operations, changes in net assets, cash flows and the related schedules for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects, if any of the matters described in the Basis for Qualified Opinion section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2022, 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

In common with many charitable organizations, the Corporation 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 audit 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 financial statements. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, donations, subscriptions, bequests and gifts, excess of revenues over expenses, and cashflows from operations for the years ended December 31, 2022 and December 31, 2021, current assets as of December 31, 2022 and December 31, 2021, and net assets as at December 31, 2022 and December 31, 2021. Our audit opinion on the non-consolidated financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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.

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 Non-Consolidated 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 non-consolidated 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

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

We draw attention to Note 17 of the non-consolidated financial statements, which describes a class action lawsuit in which the Corporation has been named. Our opinion has not been modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the non-consolidated 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 Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 qualified 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 non-consolidated 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 non-consolidated 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 qualified 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 non-consolidated 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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

Dartmouth, Nova Scotia

MNP LLP

October 16, 2023

Chartered Professional Accountants

The Roman Catholic Episcopal Corporation of Halifax
Non-Consolidated Statement of Financial Position
As at December 31, 2022

	General Funds	*Designated Funds*	*Trust Funds*	*Building Our Future Trust*	*Perpetual Care Fund*	***2022***	*2021*
Assets							
Current							
Cash	**272,368**	**-**	**-**	**-**	**-**	**272,368**	5,856,634
Accounts receivable *(Note 3)*	**414,784**	**-**	**-**	**-**	**-**	**414,784**	461,040
Prepaid expenses	**156,283**	**-**	**-**	**-**	**-**	**156,283**	121,453
	843,435	**-**	**-**	**-**	**-**	**843,435**	6,439,127
Long-term investments *(Note 4)*	**44,745,001**	**-**	**3,604,476**	**7,983,989**	**2,428,415**	**58,761,882**	54,386,497
Long-term amounts receivable *(Note 5)*	**1,544,050**	**-**	**-**	**-**	**-**	**1,544,050**	516,130
Capital assets *(Note 6)*	**4,239,939**	**-**	**-**	**-**	**-**	**4,239,939**	4,325,285
Due (to) from funds *(Note 7)*	**(18,972,861)**	**20,330,822**	**(410,291)**	**(1,204,868)**	**257,198**	**-**	-
	32,399,564	**20,330,822**	**3,194,185**	**6,779,121**	**2,685,613**	**65,389,306**	65,667,039
Liabilities							
Current							
Bank indebtedness *(Note 8)*	**1,337,849**	**-**	**-**	**-**	**-**	**1,337,849**	-
Accounts payable and accruals	**1,074,083**	**-**	**-**	**-**	**-**	**1,074,084**	812,779
Special purpose funds *(Note 9)*	**181,599**	**-**	**-**	**-**	**-**	**181,599**	30,464
Deferred contributions *(Note 10)*	**57,571**	**-**	**-**	**-**	**-**	**57,571**	40,481
Current portion of parish deposits *(Note 12)*	**2,680,445**	**-**	**-**	**-**	**-**	**2,680,445**	1,144,446
Current portion of deferred lease inducements *(Note 13)*	**15,108**	**-**	**-**	**-**	**-**	**15,108**	15,108
	5,346,655	**-**	**-**	**-**	**-**	**5,346,656**	2,043,278
Special purpose funds *(Note 9)*	**638,533**	**-**	**-**	**-**	**-**	**638,533**	536,816
Deferred contributions related to capital assets *(Note 11)*	**1,621,898**	**-**	**-**	**-**	**-**	**1,621,898**	1,710,956
Parish and other deposits *(Note 12)*	**16,194,238**	**-**	**-**	**-**	**-**	**16,194,238**	12,864,078
Deferred lease inducement *(Note 13)*	**89,388**	**-**	**-**	**-**	**-**	**89,388**	104,495
Accrued benefit obligation *(Note 14)*	**1,685,060**	**-**	**-**	**-**	**-**	**1,685,060**	1,853,437
	25,575,772	**-**	**-**	**-**	**-**	**25,575,773**	19,113,060
Commitments *(Note 16)*							
Contingent liabilities *(Note 17)*							
Net Assets							
Invested in capital assets	**2,618,041**	**-**	**-**	**-**	**-**	**2,618,041**	2,614,329
Externally restricted	**-**	**4,384,153**	**3,194,185**	**6,779,121**	**2,685,613**	**17,043,072**	19,387,784
Internally restricted	**-**	**15,946,669**	**-**	**-**	**-**	**15,946,669**	15,731,059
Unrestricted	**4,205,751**	**-**	**-**	**-**	**-**	**4,205,751**	8,820,807
	6,823,792	**20,330,822**	**3,194,185**	**6,779,121**	**2,685,613**	**39,813,533**	46,553,979
	32,399,564	**20,330,822**	**3,194,185**	**6,779,121**	**2,685,613**	**65,389,306**	65,667,039

Approved on behalf of Most Reverend Brian Dunn

Archbishop of Halifax

The accompanying notes are an integral part of these financial statements

The Roman Catholic Episcopal Corporation of Halifax
Non-Consolidated Statement of Operations
For the year ended December 31, 2022

	General Fund	Designated Funds	Trust Funds	Building Our Future Trust	Perpetual Care Fund	2022	2021
Revenues							
Investment income	**841,967**	**606,107**	**213,978**	**410,123**	**105,690**	**2,177,865**	1,932,403
Parish assessments *(Note 15)*	**1,063,095**	**-**	**-**	**-**	**-**	**1,063,095**	978,948
Contributions, donations and subscriptions	**-**	**1,481,647**	**-**	**-**	**75,510**	**1,557,157**	824,197
Bequests and gifts	**12,283**	**-**	**-**	**-**	**-**	**12,283**	1,037,992
Government assistance	**-**	**-**	**-**	**-**	**-**	**-**	177,090
Collections and fees	**1,651,160**	**-**	**-**	**-**	**-**	**1,651,160**	1,705,274
	3,568,505	**2,087,754**	**213,978**	**410,123**	**181,200**	**6,461,560**	6,655,904
Expenses							
General fund (Schedule 3)	**5,106,907**	**-**	**-**	**-**	**-**	**5,106,907**	4,357,043
Externally restricted designated funds (Schedule 1)	**-**	**551,910**	**-**	**-**	**-**	**551,910**	376,866
Internally restricted designated funds (Schedule 1)	**-**	**140,232**	**-**	**-**	**-**	**140,232**	4,500
Trust funds (Schedule 2)	**-**	**-**	**5,300**	**-**	**-**	**5,300**	-
	5,106,907	**692,142**	**5,300**	**-**	**-**	**5,804,349**	4,738,409
Excess (deficiency) of revenue over expenses before other items	**(1,538,402)**	**1,395,612**	**208,678**	**410,123**	**181,200**	**657,211**	1,917,495
Other items							
Interest on parish funds *(Note 15)*	**(535,089)**	**-**	**-**	**-**	**-**	**(535,089)**	(398,760)
Special property parish assessment *(Note 15)*	**968,060**	**-**	**-**	**-**	**-**	**968,060**	29,003
Bad debt recovery	**26,742**	**-**	**-**	**-**	**-**	**26,742**	49,211
Legal fees *(Note 17)*	**(576,873)**	**-**	**-**	**-**	**-**	**(576,873)**	(17,483)
Non-operating expenses	**(17,987)**	**-**	**-**	**-**	**-**	**(17,987)**	(37,369)
Gain (loss) on disposal of capital assets	**-**	**-**	**-**	**-**	**-**	**-**	(33,282)
Investment management and custodial	**(105,022)**	**(75,603)**	**(22,621)**	**(45,999)**	**(9,948)**	**(259,194)**	(212,118)
Gain on disposition of investments	**48,192**	**34,692**	**71,554**	**289,443**	**-**	**443,881**	2,729,148
Unrealized gain (loss) on investments	**(5,178,756)**	**-**	**(520,274)**	**(1,526,064)**	**(390,481)**	**(7,615,574)**	2,017,132
	(5,370,733)	**(40,911)**	**(471,341)**	**(1,282,620)**	**(400,429)**	**(7,566,034)**	4,125,482
Excess (deficiency) of revenue over expenses	**(6,909,135)**	**1,354,701**	**(262,663)**	**(872,497)**	**(219,229)**	**(6,908,823)**	6,042,977

The accompanying notes are an integral part of these financial statements

The Roman Catholic Episcopal Corporation of Halifax
Non-Consolidated Statement of Changes in Net Assets
For the year ended December 31, 2022

	General Funds	*Invested in Capital Assets*	*Designated Funds (Schedule 1)*	*Trust Funds (Schedule 2)*	*Building Our Future Trust*	*Perpetual Care Fund*	***2022***	*2021*
Net assets beginning of year	**8,820,807**	**2,614,329**	**20,172,493**	**3,625,208**	**8,320,558**	**3,000,584**	**46,553,979**	40,398,152
Excess (deficiency) of revenue over expenses	**(6,909,135)**	**-**	**1,354,701**	**(262,663)**	**(872,497)**	**(219,229)**	**(6,908,823)**	6,042,977
Retirement remeasurement gain *(Note 14)*	**168,377**	**-**	**-**	**-**	**-**	**-**	**168,377**	112,850
Additions of capital assets	**(285,382)**	**285,382**	**-**	**-**	**-**	**-**	**-**	-
Amortization of capital assets	**370,728**	**(370,728)**	**-**	**-**	**-**	**-**	**-**	-
Additions of deferred contributions related to capital assets	**47,024**	**(47,024)**	**-**	**-**	**-**	**-**	**-**	-
Amortization of deferred contributions related to capital assets	**(136,082)**	**136,082**	**-**	**-**	**-**	**-**	**-**	-
Interfund transfers *(Note 7)*	**2,129,414**	**-**	**(1,196,372)**	**(168,360)**	**(668,940)**	**(95,742)**	**-**	-
Net assets, end of year	**4,205,751**	**2,618,041**	**20,330,822**	**3,194,185**	**6,779,121**	**2,685,613**	**39,813,533**	46,553,979

The Roman Catholic Episcopal Corporation of Halifax
Non-Consolidated Statement of Cash Flows
For the year ended December 31, 2022

	General Funds	Designated Funds	Trust Funds	Building Our Future Trust	Perpetual Care Fund	2022	2021
Cash provided by (used for) the following activities							
Operating							
Excess (deficiency) of revenue over expenses	(6,909,135)	1,354,701	(262,663)	(872,497)	(219,229)	(6,908,823)	6,042,977
Amortization	370,728	-	-	-	-	370,728	336,306
Gain on disposition of investments	(48,192)	(34,692)	(71,554)	(289,443)	-	(443,881)	(2,729,148)
Unrealized (gain) loss on investments	5,178,756	-	520,274	1,526,063	390,481	7,615,574	(2,017,131)
Amortization of deferred lease inducements	(15,108)	-	-	-	-	(15,108)	(15,108)
Amortization of deferred capital contributions	(136,082)	-	-	-	-	(136,082)	(80,521)
	(1,559,033)	1,320,009	186,057	364,123	171,252	482,408	1,537,375
Changes in working capital accounts *(Note 19)*	542,675	-	-	-	-	542,675	719,805
	(1,016,358)	1,320,009	186,057	364,123	171,252	1,025,083	2,257,180
Financing							
Increase (decrease) in parish and other deposits	4,866,159	-	-	-	-	4,866,159	1,341,030
Increase (decrease) in due (to) from other funds	(398,549)	(123,637)	96,361	406,288	19,537	-	-
Receipt of deferred capital contributions	47,024	-	-	-	-	47,024	488,308
	4,514,634	(123,637)	96,361	406,288	19,537	4,913,183	1,829,338
Investing							
Purchase of capital assets	(285,382)	-	-	-	-	(285,382)	(493,254)
Proceeds on disposal of capital assets	-	-	-	-	-	-	894,375
Purchase of investments	(15,079,901)	-	(1,199,104)	(4,203,448)	(95,047)	(20,577,500)	-
Proceeds on disposal of investments	3,843,398	-	1,085,046	4,101,977	-	9,030,421	-
Advances of long-term amounts receivable	(1,053,547)	-	-	-	-	(1,053,547)	-
Repayments of long-term amounts receivable	25,627	-	-	-	-	25,627	156,212
Disposal (purchase) of investments - net	-	-	-	-	-	-	956,085
	(12,549,805)	-	(114,058)	(101,471)	(95,047)	(12,860,381)	1,513,418
Increase (decrease) in cash resources	(9,051,529)	1,196,372	168,360	668,940	95,742	(6,922,115)	5,599,936
Cash resources, beginning of year	5,856,634	-	-	-	-	5,856,634	256,698
Interfund transfers	2,129,414	(1,196,372)	(168,360)	(668,940)	(95,742)	-	-
Cash resources (deficiency), end of year	(1,065,481)	-	-	-	-	(1,065,481)	5,856,634
Cash resources are composed of:							
Cash	272,368	-	-	-	-	272,368	5,856,634
Bank indebtedness	(1,337,849)	-	-	-	-	(1,337,849)	-
	(1,065,481)	-	-	-	-	(1,065,481)	5,856,634

The accompanying notes are an integral part of these financial statements

1. Status and purpose of the Organization

The Roman Catholic Episcopal Corporation of Halifax (the “Corporation”) 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 Corporation is the ministerial and administrative center for the Archdiocese of Halifax. Its purpose is to provide support and services to the parishes within the counties of Halifax, Hants, Colchester, Cumberland, Queens and Lunenburg, Nova Scotia.

The Archdiocese of Halifax controls several related entities including the parishes. Related party transactions are disclosed in Note 15.

These non-consolidated financial statements reflect the assets, liabilities and operations of the Corporation, including the operations of the Catholic Diocesan Center and St. Mary's Cathedral Basilica, which is the church of the Catholic Bishop of Halifax. The non-consolidated financial statements also include the assets and operating results for the Building our Future Trust, which is a legal trust controlled by the Archdiocese. 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, including the St. Mary's Cathedral Basilica Foundation, are all readily available to management.

2. Significant accounting policies

The 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:

Fund accounting

The Corporation follows the restricted fund method of accounting for contributions, and maintains five funds: the Diocesan General Funds, the Diocesan Designated Funds, the Diocesan Trust Funds, the Building Our Future Trust Fund and the Perpetual Care Fund.

General Fund

The General Fund reports the general operations of the Corporation. The main sources of revenue are investment income, parish assessments, special property parish assessments, bequests, gifts and collections and fees. There are a variety of expenditures, as set out in the schedule of expenditures. Restricted contributions for which no corresponding restricted fund exists are included in the General Fund.

The following are the restricted funds of the Corporation:

Designated Funds

The Designated Funds of the Corporation are used to fund specific purposes, as either internally or externally restricted. Presently, the funds are used for the purposes set out in the Schedule of Diocesan Designated Funds. Both the income and principal of the Designated Funds may be expended.

Trust Funds

The Trust Funds of the Corporation are established to honour the restricted purposes of the donors as set out in the Schedule of Diocesan Trust Funds. Generally, only the income earned by the trusts may be expended.

Building Our Future Trust

In 1985, the Corporation commenced a fund-raising campaign for the purpose of funding, on an equal basis, priestly development, pastoral services and social outreach. A trust was settled by the Corporation on April 9, 2002. Funds raised were deposited into the Trust with the intent that only income earned on the Trust principal will fund the programs. Trustees have been appointed pursuant to a trust agreement which was finalized in 2003.

2. Significant accounting policies *(Continued from previous page)*

Perpetual Care Fund

The Perpetual Care Fund is an investment fund of the Corporation. The revenue of the fund is generated by a portion of payments on cemetery plots and niches which are listed as subscriptions to the fund. Investment income earned by the fund is transferred to operations as a recovery to the Catholic Cemeteries of Halifax cost center to cover cemetery maintenance expenses.

Invested in Capital Assets

Net assets invested in capital assets are presented as a separate component of net assets.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. The Corporation's policy is to disclose bank balances under cash and cash equivalents, including balances held at a financial institution.

Pledges

Pledges are recorded in income when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Investments

Investments are accounted for at market value. The market value of the guaranteed investment certificates is the principal cost plus accrued interest. 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.

Capital assets

Land and buildings are carried at appraised values as of October 1, 1951 with subsequent additions and building alterations at cost, except for cemetery properties which are carried at a nominal value. Significant acquisitions of furnishings, fixtures and office equipment are capitalized at cost.

Amortization is provided using the straight-line method over the estimated economic lives to the extent of their salvage values.

	Rate
Buildings	3-40 years
Furniture and fixtures	3-10 years

Long-lived assets

Long-lived assets consists of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Corporation writes down long-lived assets held for use when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Corporation determines that a long-lived asset is impaired, its carrying amount is written down to the asset’s fair value.

Deferred Contributions - Capital Assets

Restricted contributions for the purchase of capital assets are deferred and amortized on the same basis as the underlying capital asset purchased. Amortization is provided using the straight-line method over the estimated economic lives of the respective assets.

Deferred Lease Inducement

The deferred lease inducement is comprised of four months free rent as well as contributions towards leasehold improvements. The benefits have been capitalized and are being amortized over the initial lease term of ten years and six and a half months.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Investment income is recognized on the accrual basis, parish assessment revenue is recognized in the year of assessment, special property parish assessment revenue is recognized in the year of a property sale and other revenue including unrestricted contributions, donations, bequests, gifts, collections, fees and subscriptions is recognized when ultimate collection is reasonably assured.

Externally restricted contributions for which no corresponding fund exists are recognized as revenue of the general fund when the expenditure is incurred.

Government assistance

Government assistance is recorded in the non-consolidated financial statements when there is reasonable assurance that the Corporation has and will continue to comply with all conditions necessary to obtain the assistance and collection is reasonably assured. Government assistance is recorded as revenue on the statement of operations.

Employee Benefit Plans

The Corporation has a defined benefit plan to provide a room, board and health benefits for retired priests. The Corporation uses the immediate recognition approach to account for its defined benefit plan. The Corporation uses the funding valuation to measure its benefit obligations and recognizes all past service costs and actuarial gains and losses in the non-consolidated statement of changes in net assets in the period they arise.

The Corporation also provides a defined benefit pension plan for its lay employees and deacons. This plan is a multi-employer plan and as such has been accounted for as a defined contribution pension plan. The defined benefit plan was wound up effective December 31, 2016, and was replaced with a defined contribution plan effective January 1, 2017. The defined benefit plan will continue to provide the benefited service that has been built up over time.

The Corporation has other defined contribution plans covering its priests, lay employees and deacons. Contributions to the defined contribution pension plans are expensed as incurred.

Contributed materials and services

A number of volunteers contribute their time each year, and materials are sometimes donated to the Corporation. Due to the difficulty of determining the fair value of these items, no amounts are recognized in the non-consolidated financial statements.

Financial instruments

The Corporation recognizes financial instruments when the Corporation becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Corporation may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Corporation has 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. With the exception of financial liabilities indexed to a measure of the Corporation’s performance or value of its equity and those instruments designated at fair value, 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 excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Related party financial instruments

The Corporation initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to note 15).

At initial recognition, the Corporation may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Corporation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenue over expenses.

Financial asset impairment

The Corporation assesses impairment of all 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; and no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; and 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.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, 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 at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Corporation reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Corporation reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of 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 excess (deficiency) of revenue over expenses in the year the reversal occurs.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of non-consolidated 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 non-consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable and long-term amounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts or impairment is provided where considered necessary. Accrued liabilities are recorded using management's best estimate of expenses incurred but not invoiced at year-end. The accrued benefit obligation is recorded based on the actuarial valuation at the non-consolidated statement of financial position date. Amortization is based on the estimated useful lives of capital assets. As per note 17, no amounts have been recorded for any potential contingent liabilities as amounts cannot be reasonably estimated.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the non-consolidated 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 years in which they become known.

3. Accounts receivable

	2022	*2021*
Parishes (controlled entities) (net of allowance for doubtful accounts of $4,508; 2021 - $6,666)	**220,879**	326,649
Other receivables	**127,112**	90,181
HST receivable	**71,685**	50,915
	419,676	467,745
Allowance for doubtful accounts	**(4,892)**	(6,705)
	414,784	461,040

4. Long-term investments

	2022	*2021*
General		
Equities	**20,895,894**	18,684,779
Fixed income	**13,410,172**	15,592,683
Real estate	**3,543,837**	1,753,838
Assets (Infrastructure)	**2,074,472**	-
Cash and short-term investments	**4,820,626**	2,573,073
	44,745,001	38,604,373
Trust		
Equities	**3,604,476**	3,939,139
Building Our Future		
Equities	**6,488,212**	7,299,465
Fixed income	**1,480,087**	1,814,705
Cash and short-term investments	**15,690**	4,966
	7,983,989	9,119,136
Perpetual Care		
Equities	**1,270,325**	1,125,931
Fixed income	**1,141,694**	1,582,997
Cash and short-term investments	**16,396**	14,920
	2,428,415	2,723,848

Included in cash and short-term investments in the General Fund investments at December 31, 2022 is restricted cash of $3,429,127 included in a CIBC High Interest Savings account and $1,375,828 included in a CIBC Wood Gundy investment account. The amounts totaled $4,804,955 which were used to finance the Brookfield call in January 2023.

5. Long-term amounts receivable

The long-term amounts receivable consists of two items, the long-term portion of accounts receivable from parishes and other dioceses that are being financed and are not expected to be collected within the next twelve months and long-term loans to parishes.

In 2022 and 2021, interest has been waived on the long-term amounts receivable. Impairment is assessed annually. When a loan is considered to be impaired, an appropriate allowance for impairment is made.

The loan made to the Roman Catholic Episcopal Corporation of Yarmouth in 2022 is non-interest bearing and has no set terms of repayment.

The following amounts are included in long-term amounts receivable:

	2022	*2021*
Loans to parishes (controlled entities)	**583,941**	600,413
Loan to The Roman Catholic Episcopal Corporation of Yarmouth (controlled entity)	**1,053,547**	-
Less: impairment allowance	**(135,000)**	(135,000)
	1,502,488	465,413
Long-term accounts receivable (net of allowance for doubtful accounts of $25,684; 2021 - $98,455)	**41,562**	50,717
	1,544,050	516,130

6. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	**387,370**	**-**	**387,370**	387,370
Buildings	**6,105,406**	**2,421,491**	**3,683,915**	3,760,417
Furniture and fixtures	**798,166**	**629,512**	**168,654**	177,498
	7,290,942	**3,051,003**	**4,239,939**	4,325,285

7. Inter-fund loans and transfers

The Designated Funds have a loan balance due from the General Fund. This loan is non-interest bearing. The full amount of this loan balance has been invested in long-term investments on behalf of the Designated Funds; therefore, the Designated Funds earn their proportionate share of the realized investment income.

The Perpetual Care Fund has a loan balance due from the General Fund. This loan is non-interest bearing. The Trust Funds and Building Our Future Trust have loan balances due to the General Fund. These loans are non-interest bearing. The inter-fund loans have no set terms of repayment and, accordingly, these loans have been classified as long-term.

Transfers totaling $1,196,372 from the Designated Funds, $168,360 from the Trust Funds, $668,940 from the Building our Future Trust, and $95,742 from the Perpetual Care Fund to the General Fund were approved to cover expenses in the General Fund that were consistent with the purposes for each of the funds that had money transferred.

8. Bank indebtedness

The Corporation has an available operating line of credit to a maximum of $4,650,000 (2021 - $5,000,000) of which $1,337,849 (2021 - $nil) was drawn down. This operating line of credit bears interest at prime plus 0.25% (2021 - prime plus 0.5%) and requires monthly interest payments.

The operating line of credit is secured by a first charge over the property at 45 Radcliffe Drive, Halifax, Nova Scotia, in the amount of $8.5 million as well as a first charge over the property at 35 Colby Drive, Dartmouth, Nova Scotia in the amount of $350,000.

The Corporation will not, without prior written consent, participate in any retrofit project or energy or water efficiency project affecting the mortgaged property which would have the effect of creating a lien, hypothec or other interest in the mortgaged property ranking, or potentially ranking, in priority to or pari passu with the interest of the current lender whether or not such project is sponsored or endorsed by a municipal or other government, governmental organization or utility.

The Corporation shall not assume additional indebtedness or guarantee obligations without the prior written consent of the lender.

The Corporation shall not enter into any additional liens or encumbrances on any assets without the prior written consent of the lender.

The Corporation has available a Corporate MasterCard to finance operations to a maximum of $600,000 (2021 - $600,000) of which $nil (2021 - $nil) was drawn down at December 31, 2022.

9. Special purpose funds

	2022	*2021*
Balance, beginning of year	**567,280**	462,516
Contributions and investment income received during the year	**302,782**	142,834
Amount spent on expenses and distributions during the year	**(49,930)**	(38,070)
Balance, end of year	**820,132**	567,280
Less: Current portion	**181,599**	30,464
	638,533	536,816

Included in the above special purpose funds is the "Refugee Fund," which is a fund created based on the sponsorship agreement between Immigration, Refugees and Citizenship Canada ("IRCC") and the Corporation. The money is received from sponsors, held in trust and disbursed back to the sponsors as required. The fund is used to support the resettlement and integration of refugees into Canadian society. As at December 31, 2022, the ending fund balance is $688,950 (2021 - $507,182). Contributions and investment income allocated to the fund during the year were $209,837 (2021 - $87,772) and disbursements from the fund were $28,069 (2021 - $33,929).

10. Deferred contributions

Deferred contributions consist of two amounts, being contributions that have been externally restricted for specific expenses that have not been incurred for which no corresponding restricted fund exists, and contributions received that have been externally restricted to fund capital expenditures. See note 11 for deferred contributions that have been externally restricted to fund capital expenditures.

The changes in balances of the deferred contributions externally restricted for specific expenses are as follows:

	2022	*2021*
Balance, beginning of year	**40,481**	40,150
Contributions received during the year	**73,682**	331
Amount spent on expenses during the year	**(56,592)**	-
Balance, end of year	**57,571**	40,481

11. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized amount of externally restricted contributions received for the purchase of capital assets.

The changes in the balances of the deferred contributions related to capital assets are as follows:

	2022	*2021*
Balance, beginning of year	**1,710,956**	1,303,169
Contributions received during the year	**47,024**	488,308
Contributions recognized as a reduction of amortization expense	**(136,082)**	(80,521)
Balance, end of year	**1,621,898**	1,710,956

12. Parish and other deposits

These deposits bear interest at 3% (2021 - 3%) 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.

The parish and other deposit balances outstanding at year end include the following:

	2022	*2021*
Due to parishes (controlled entities)	**18,874,683**	14,008,524
Less: current portion	**2,680,445**	1,144,446
	16,194,238	12,864,078

13. Deferred lease inducement

The deferred lease inducement is comprised of the following:

- A leasehold improvement credit received in the prior year from their landlord to cover certain leasehold improvements. The total credit received amounted to $103,499, net of amortization of $35,303 (2021 - $25,444) which has been capitalized and will be amortized straight-line over the remaining term of the lease agreement.
- Four months of free basic rent of $15 per square foot of rentable space. The Corporation had 11,065 square feet of rentable space received in 2019. The free rent of $55,325, net of amortization of $19,025 (2021 - $13,777) has been capitalized and will be amortized straight-line over the remaining term of the lease agreement.

14. Pension and other retirement benefit plans

The Corporation participates in a number of employee benefit plans, including: a defined benefit pension plan to provide for the room, board and health benefits of retired priests; a defined benefit pension plan for the lay employees and deacons of the Archdiocese and its parishes, a defined contribution pension plan for the priests of the Archdiocese and its parishes; a defined contribution pension plan for the lay employees and deacons of the Archdiocese; defined contribution registered retirement savings plans for the priests of the Archdiocese and its parishes; and, a defined contribution registered retirement savings plan for the lay employees and deacons of the Archdiocese and its parishes.

The first defined benefit plan provides an allowance for the room, board and health benefits of the retired priests. Under this plan, each priest is entitled to a fixed payment each month determined by the month and year of their retirement. This benefit ranges from $10,000 annually to $2,000 as noted below:

Year in which a Priest attains age 70	***Annual Benefit***
2011 - 2012	10,000
2013 - 2014	8,000
2015 - 2016	6,000
2017 - 2018	4,000
2019	2,000
2020 and after	-

The defined benefit obligation of this plan at December 31, 2022 is $1,685,060 (2021 - $1,853,437). There are no plan assets as at December 31, 2022, which indicates an accrued benefit obligation of $1,685,060. The most recent full actuarial valuation was completed as at December 31, 2022. The net movement for the Corporation's defined benefit plan during the year is as follows:

14. Pension and other retirement benefit plans *(Continued from previous page)*

	2022	*2021*
Benefit costs	**(101,876)**	(108,314)
Benefits paid	**188,266**	198,944
Actuarial gain (loss)	**81,987**	22,220
Retirement benefits movement on the statement of changes in net assets	**168,377**	112,850

The significant actuarial assumptions adopted are as follows:

	2022	*2021*
Discount rate	**5.05%**	5.25%
Claims inflation rate	**5.00%**	5.00%

The second defined benefit plan is a pension plan for lay employees and deacons. This plan is a multiemployer plan for the employees of The Roman Catholic Episcopal Corporation of Halifax, the parishes within the Archdiocese and certain employees of related organizations. Sufficient information is not available to use defined benefit accounting so the plan has been accounted for as a defined contribution plan. The defined benefit plan was wound up effective December 31, 2016, and was replaced with a defined contribution plan effective January 1, 2017. Employer contributions by the Corporation to this plan totaled $33,750 (2021 - $20,004). The most recent full actuarial valuation was completed at December 31, 2021 and has been updated at December 31, 2022 to indicate a funding surplus of $217,123 (2021 - $1,225,599). There have been no significant changes in the contractual elements of the plan in the current year.

The first defined contribution plan is a defined contribution pension plan for its' incardinated priests whereby the Corporation matches the contributions that are voluntarily made by certain priests. During the year, $57,943 (2021 - $61,055) was contributed by the Corporation to this plan.

The second defined contribution plan is a defined contribution pension plan for lay employees and deacons whereby the Corporation matches the contributions that are voluntarily made by certain members. During the year, $128,808 (2021 - $126,907) was contributed by the Corporation to this plan.

The third defined contribution plan is a defined contribution registered retirement savings plan for its' non-incardinated priests whereby the Corporation matches the contributions that are voluntarily made by certain priests. During the year, $20,003 (2021 - $18,755) was contributed by the Corporation to this plan.

The fourth defined contribution plan is a defined contribution registered retirement savings plan for incardinated priests whereby the Corporation matches the contributions that are voluntarily made by certain priests. During the year, $1,538 (2021 - $16,124) was contributed by the Corporation to this plan.

The fifth defined contribution plan is a defined contributed registered retirement savings plan for lay employees and deacons whereby the Corporation matches the contributions that are voluntarily made by certain members. During the year, $nil (2021 - $nil) was contributed by the Corporation to this plan.

15. 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 balances due from related parties are included in accounts receivable (note 3) and long-term amounts receivable (note 5). Included in accounts payable and accrued liabilities is $52,269 (2021 - $33,655) owing to controlled entities and long-term balances due to related parties are included in the parish and other deposits (note 12).

Included in the non-consolidated statement of operations is parish assessment revenue of $1,063,095 (2021 - $978,948) and special property parish assessment revenue of $968,060 (2021 - $29,003) collected from the Corporations' controlled entities. The Corporation paid interest of $535,089 (2021 - $398,760) on parish deposits. The Corporation received $12,000 (2021 - $12,000) in management fees from a related party for administrative and accounting services provided.

The Corporation collected from its controlled entities $691,471 (2021 - $18,902) as contributions to the internally restricted Designated Fund "Assistance to Parishes for Capital Projects."

The Corporation paid to its controlled entities grants totaling $215,262 (2021 - $83,084.).

Subsequent to year-end, three properties were sold by controlled entities, in which the Corporation collected the following: $198,437 as a contribution to the internally restricted Designated Fund "Assistance to Parishes for Capital Projects", $277,812 of special property parish assessment revenue, and $100,996 in parish loan repayments.

16. Commitments

The Corporation total obligations for the next five years, which comprise rental of existing premises, a commitment under an agreement with the Atlantic School of Theology and a commitment for the Conference of Catholic Bishops are as follows:

2023	562,675
2024	562,692
2025	570,068
2026	349,543
2027	349,543
Thereafter	349,543
	2,744,064

The Corporation's collections process is such that 20% of funds raised by individual parishes up to a certain target level of funds and 80% of funds raised above that target level will be returned to that parish to help fund their needs. In the current year, $21,617 (2021 - $40,927) was returned to parishes.

In the prior year, the Corporation transferred $639,573 from the General Fund to the Internally restricted Designated Fund “Indigenous Reconciliation Fund” for the purpose of restricting the future use of the funds. This represents the Archdiocese commitment to the CCCB initiated National Indigenous Reconciliation Fund, an organization providing funds to assist in the healing and reconciliation with Canada's Indigenous people. One fifth of the fund will be paid out on each September commencing in 2022 and ending in 2026.

The Corporation will also be accepting collections from parishioners which will be additional funds to support local Indigenous reconciliation initiatives. This collection will be set aside in an Externally restricted Designated Fund "Local Indigenous Reconciliation" on initial collection. During the year, collections totaled $75,372 which has been transferred from the General Fund to the Externally restricted Designated Fund "Local Indigenous Reconciliation".

17. Contingent liabilities

The Corporation has guaranteed a loan for a parish. This loan has been obtained in the name of the Roman Catholic Episcopal Corporation of Halifax, and is secured by property as noted below. The property is owned by the Roman Catholic Episcopal Corporation of Halifax because it is the only legal entity; however, the property is operationally controlled by the parish and, therefore, the assets and corresponding debts have been reported on the financial statements of the parish. As a result, the Corporation is contingently liable to repay this loan in the event of a default by the parish. The details of the guaranteed loan are as follows:

- Mortgage of $1,567,876 (2021 - $1,630,147) secured by property located at 18 Scholars Road, Upper Tantallon, Nova Scotia, bearing interest at 3.8% (2021 - 3.99%) repayable in blended monthly payments over 17 years maturing May 2024. This loan is secured by a first charge over the property in the amount of $2.75 million.

The Corporation has a non-revolving demand loan of $250,000 (2021 - $250,000) available to finance capital projects on behalf of the parishes of which $nil (2021 - $nil) was drawn down at December 31, 2022. The demand loan bears interest at prime plus 0.50%.

The Corporation has been named in a class action claim. During the year, a settlement was reached which caps the Corporation's maximum potential exposure to $8,150,000 which includes the claimants' legal fees and the settlements. $2,741,425 of the total $8,150,000 is covered by insurance, leaving the Corporation's total exposure to $5,408,575. Total claimant legal fees paid by the Corporation, for the period of January 1, 2022 to December 31, 2022 totaled $508,860 inclusive of disbursements and HST. These legal fees are recorded in the non-consolidated statement of operations. The remaining exposure to the Corporation is $4,899,715. The Corporation is working closely with their insurers on the settlement. The claims process for the class action suit is currently in process which allows for any additional claimants to come forward up to December 2023. There have been fourteen claims to date of which twelve are covered by insurance, one is partially covered by insurance, and one claim totaling $60,000 is not covered by insurance. This claim has been recorded in the non-consolidated statement of operations. There are no legal fees accrued with legal counsel that have not yet been billed as of December 31, 2022.

During the year, the Corporation obtained a $4,950,000 letter of credit for the purpose of satisfying any settlement payments related to the class action claim. The letter of credit bears interest at prime plus 0.25%, until repaid in full, and is secured by a $9.9 million charge to investment holdings. The letter of credit matures December 2023.

18. Building Our Future Trust

An amount, when required, is allocated to the principal of the Trust from the Trust's income at the end of the year to ensure that, so far as reasonably possible, the market value of the Trust property together with the accumulated unspent net appreciation thereof will over time not be diminished on an after-inflation basis. The original principal balance and the market principal balance on each of the programs are as follows:

	2022 Principal	***2022 Market***	*2021 Market*
Priestly development	**2,086,553**	**2,159,488**	2,667,973
Priestly development available to be distributed	**82,440**	**82,440**	113,882
Pastoral services	**2,086,553**	**2,159,488**	2,667,973
Pastoral services available to be distributed	**103,953**	**103,953**	59,818
Social outreach	**2,086,553**	**2,159,488**	2,667,973
Social outreach support available to be distributed	**114,264**	**114,264**	142,939
	6,560,316	**6,779,121**	8,320,558

19. Net change in non-cash working capital

Non-cash working capital items consist of the following:

	2022	*2021*
Accounts receivable	**46,256**	507,800
Prepaid expenses	**(34,830)**	23,270
Accounts payable and accruals	**261,307**	83,640
Special purpose funds	**252,852**	104,764
Deferred contributions	**17,090**	331
	542,675	719,805

20. 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.

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 is exposed to credit risk with its accounts receivable and long-term amounts receivable (note 3 and note 5). The Corporation has a long-term amount receivable that represents 54% of the accounts receivable and long-term amounts receivable at December 31, 2022. During the year, the Corporation recovered bad debts of $26,742 (2021 - $49,211). Other financial instruments that potentially subject the Corporation to concentrations of credit risk consists of cash and investments held by financial institutions. To minimize this risk, the Corporation holds cash and investments with high quality Canadian financial institutions.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in the 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 and liabilities, known as price risk.

The Corporation is exposed to interest rate risk with respect to bank indebtedness and bank loans and letter of credit bearing interest at variable rates.

Other price 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 exposed to other price risk with respect to its investments. 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 five professional investment managers.

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 is exposed to fluctuations arising from changes in foreign exchange rates as it relates to the USD cash and investment balances. At year end, the Corporation has USD cash of $764,818 (2021 - $859,013) and USD investments of $1,519,452 (2021 - $nil).

21. Financial instruments *(Continued from previous page)*

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities.

The Corporation is exposed to liquidity risk with respect to bank indebtedness, special purpose funds, parish and other deposits and contingent liabilities with regards to the class action suit.

21. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation of the current year's non-consolidated financial statements.

The Roman Catholic Episcopal Corporation of Halifax
Schedule 1 - Non-Consolidated Schedule of Changes in Diocesan Designated Funds
For the year ended December 31, 2022

Schedule 1	*Opening balance*	*Investment income*	*Contributions*	*Expenditures*	*Interfund transfer*	*Closing Balance*
Externally restricted:						
St. Mary's Cathedral Basilica	**306,002**	**9,317**	**-**	**-**	**(39,919)**	**275,400**
Theological Education & Vocations - Priests	**399,565**	**12,166**	**-**	**-**	**(27,827)**	**383,904**
Catholic Social Services	**223,574**	**6,807**	**-**	**-**	**(14,761)**	**215,620**
Infirm and Retired Priests	**352,782**	**10,741**	**-**	**-**	**(17,264)**	**346,259**
Patrick Power - Religious Education	**120,478**	**3,668**	**-**	**-**	**(13,003)**	**111,143**
Patrick Power - Youth, Handicap	**80,068**	**2,437**	**-**	**-**	**(3,830)**	**78,675**
Diocesan Mission Fund	**115,735**	**3,524**	**-**	**-**	**(10,119)**	**109,140**
Youth	**89,787**	**2,734**	**-**	**-**	**(3,408)**	**89,113**
Ministry for Aged	**89,306**	**2,719**	**-**	**-**	**(3,510)**	**88,515**
Priestly Assistance Fund	**12,025**	**366**	**-**	**-**	**(2,882)**	**9,509**
Burke Priestly Assistance Fund	**66,883**	**2,036**	**-**	**-**	**(3,199)**	**65,720**
Laypersons and Deacons Pension Fund	**264,871**	**-**	**100,443**	**35,000**	**-**	**330,314**
Property Insurance Fund - Atlantic	**428,730**	**-**	**422,501**	**516,910**	**6,913**	**341,234**
Deferred Income - O/C & Foundation	**1,088,481**	**-**	**82,250**	**-**	**(47,160)**	**1,123,571**
A.M. Hynes Scholarship Fund	**708,274**	**20,880**	**-**	**-**	**(96,859)**	**632,295**
Fr. Caissie Clinical Education Fund	**24,832**	**756**	**-**	**-**	**-**	**25,588**
Diocesan Outreach	**70,041**	**3,834**	**109,576**	**-**	**(100,670)**	**82,781**
Local Indigenous Reconciliation *(Note 16)*	**-**	**-**	**75,372**	**-**	**-**	**75,372**
Continued on next page	**4,441,434**	**81,985**	**790,142**	**551,910**	**(377,498)**	**4,384,153**

The Roman Catholic Episcopal Corporation of Halifax
Schedule 1 - Non-Consolidated Schedule of Changes in Diocesan Designated Funds
For the year ended December 31, 2022

Schedule 1	*Opening balance*	*Investment income*	*Contributions*	*Expenditures*	*Interfund transfer*	*Closing Balance*
Externally restricted from previous page	**4,441,434**	**81,985**	**790,142**	**551,910**	**(377,498)**	**4,384,153**
Internally restricted:						
Camp Villa Maria Fund	**1,753,700**	**53,396**	**-**	**-**	**(137,599)**	**1,669,497**
St. Joseph's Orphanage	**1,225,490**	**37,313**	**-**	**-**	**(28,938)**	**1,233,865**
Capital Property Maintenance Fund	**149,835**	**4,562**	**-**	**-**	**(11,031)**	**143,366**
Property Insurance Fund	**142,662**	**-**	**-**	**12,317**	**2,707**	**133,052**
Catechetics Fund	**26,726**	**815**	**-**	**-**	**(1,946)**	**25,595**
Infirm and Retired Priests	**214,562**	**6,533**	**-**	**-**	**(14,425)**	**206,670**
Pastoral Centre Fund	**9,134,778**	**278,132**	**-**	**-**	**(517,837)**	**8,895,073**
Contingency Fund 2019	**547,450**	**16,669**	**-**	**-**	**-**	**564,119**
Assistance to Parishes for Capital Projects *(Note 15*)	**858,291**	**36,660**	**691,471**	**-**	**(78,200)**	**1,508,222**
Arthur Dube Fund	**1,037,992**	**31,605**	**34**	**-**	**(31,605)**	**1,038,026**
Indigenous Reconciliation Fund *(Note 16)*	**639,573**	**17,526**	**-**	**127,915**	**-**	**529,184**
	15,731,059	**483,211**	**691,505**	**140,232**	**(818,874)**	**15,946,669**
	20,172,493	**565,196**	**1,481,647**	**692,142**	**(1,196,372)**	**20,330,822**

Note: Investment income above is net of gains on disposition of investments and investment management and custodial fees.

The Roman Catholic Episcopal Corporation of Halifax
Schedule 2 - Non-Consolidated Schedule of Changes in Diocesan Trust Funds
For the year ended December 31, 2022

Schedule 2	*Opening balance*	*Investment income*	*Contributions*	*Expenditures*	*Interfund transfer*	*Adjustment to Market Value*	*Closing Balance*
Mary E Skerry Trust	**482,822**	**43,978**	**-**	**-**	**(21,421)**	**-**	**505,379**
Lawrence Lynch	**402,397**	**41,262**	**-**	**-**	**(44,546)**	**-**	**399,113**
Charles Frecker Trust	**251,853**	**26,298**	**-**	**-**	**(26,298)**	**-**	**251,853**
Archbishop Hayes Trust	**103,104**	**10,766**	**-**	**500**	**(10,266)**	**-**	**103,104**
Patrick Power Estate	**116,341**	**7,909**	**-**	**-**	**(25,000)**	**-**	**99,250**
Priests - Rome Travel Study	**148,663**	**6,194**	**-**	**-**	**-**	**-**	**154,857**
Patrick Horne Trust	**6,006**	**627**	**-**	**-**	**-**	**-**	**6,633**
Mackey Estate	**45,981**	**4,032**	**-**	**-**	**(11,401)**	**-**	**38,612**
Rev. R. Hallet Bursary	**33,847**	**3,032**	**-**	**4,800**	**-**	**-**	**32,079**
Rose Doyle Cemetery	**43,024**	**3,567**	**-**	**-**	**-**	**-**	**46,591**
Thomas R. Roache Estate	**27,516**	**2,414**	**-**	**-**	**-**	**-**	**29,930**
Mary O'Sullivan Cemetery	**30,220**	**2,506**	**-**	**-**	**-**	**-**	**32,726**
John T. Joy Estate	**15,176**	**916**	**-**	**-**	**-**	**-**	**16,092**
Msgr. Thomas Buchanan Estate	**10,465**	**918**	**-**	**-**	**-**	**-**	**11,383**
Ecclesiastical Students' Fund	**9,980**	**875**	**-**	**-**	**-**	**-**	**10,855**
Donahoe Trust	**5,275**	**551**	**-**	**-**	**(551)**	**-**	**5,275**
MacIsaac Trust	**5,812**	**510**	**-**	**-**	**(1,441)**	**-**	**4,881**
Mary Daly Estate	**5,522**	**484**	**-**	**-**	**(1,369)**	**-**	**4,637**
Faith Formation	**1,026,999**	**103,736**	**-**	**-**	**(26,067)**	**-**	**1,104,668**
Ruth Gray Cemetery	**28,174**	**2,336**	**-**	**-**	**-**	**-**	**30,510**
Adjustment to market value of investments, net	**826,031**	**-**	**-**	**-**	**-**	**(520,274)**	**305,757**
	3,625,208	**262,911**	**-**	**5,300**	**(168,360)**	**(520,274)**	**3,194,185**

Note: Investment income above is net of gains on disposition of investments and investment management and custodial fees.

The Roman Catholic Episcopal Corporation of Halifax
Schedule 3 - Non-Consolidated Schedule of Expenditures
For the year ended December 31, 2022

Schedule 3	***2022***	*2021*
Catholic diocesan centre	**389,891**	372,594
Chancery and administration	**287,227**	226,222
Infirm and retired priests	**367,166**	492,276
Business office	**354,553**	266,698
Assistance to Parishes	**202,056**	147,242
Chaplains	**186,389**	159,768
Marriage tribunal	**90,475**	71,178
Atlantic School of Theology	**177,461**	106,723
Office services	**137,331**	128,076
Archives	**47,587**	40,135
Ordained ministries - priestly formation	**21,421**	19,402
Evangelization Univ. Chaplaincy	**94,780**	62,509
Liturgical and education	**15,900**	2,798
Communications	**98,707**	88,385
Development Office	**55,252**	85,618
Marriage preparation	**6,172**	-
Canadian bishops' assessments	**81,563**	70,099
Council of deacons	**17,098**	14,119
Council of priests	**39,755**	38,301
Ministry to the deaf	**11,855**	9,981
Human resources	**238,527**	160,049
Catholic social affairs	**32,375**	36,705
Steubenville	**208,169**	75,125
Adult faith formation	**177,304**	183,374
Vocations	**82,277**	38,635
Ordained ministries - Deaconate Formation	**19,039**	24,881
St. Mary's Cathedral	**637,202**	522,382
St. Mary's Glebe	**298,566**	263,018
Indigenous Ministry	**-**	44,999
Catholic Cemeteries of Halifax	**533,929**	570,318
Parish Renewal	**2,077**	612
Ministry of Care & Companionship	**5,000**	-
Diocesan Outreach	**189,803**	34,821
	5,106,907	4,357,043