

**The Roman Catholic Episcopal Corporation of Yarmouth
Non-Consolidated Financial Statements**

*December 31, 2021
(Unaudited)*

The Roman Catholic Episcopal Corporation of Yarmouth

Contents

For the year ended December 31, 2021
(Unaudited)

	<i>Page</i>
Independent Practitioner's Review Engagement Report	
Non-Consolidated Financial Statements	
Non-Consolidated Statement of Financial Position.....	1
Non-Consolidated Statement of Operations.....	2
Non-Consolidated Statement of Changes in Net Assets.....	3
Non-Consolidated Statement of Cash Flows.....	4
Notes to the Non-Consolidated Financial Statements.....	5

To the Most Reverend Brian Dunn Archbishop of 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, 2021, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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. 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, 2021 and December 31, 2020, current assets as of December 31, 2021 and December 31, 2020, and net assets as at December 31, 2021 and December 31, 2020. Our report on the non-consolidated financial statements for the year ended December 31, 2020 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. Our report on the non-consolidated financial statements for the year ended December 31, 2020 was also modified.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, 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, 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.

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 14 in the non-consolidated financial statements which describes a class action lawsuit that the Corporation has been named in.

Dartmouth, Nova Scotia

June 2, 2022

MNP LLP

Chartered Professional Accountants

The Roman Catholic Episcopal Corporation of Yarmouth

Non- Consolidated Statement of Financial Position

*As at December 31, 2021
(Unaudited)*

	General Fund	Designated Funds	2021	2020
Assets				
Current				
Cash and cash equivalents	392,370	-	392,370	140,478
Accounts receivable (Note 4)	97,368	-	97,368	95,810
Current portion of long-term investments (Note 5)	274,858	31,680	306,538	502,196
	764,596	31,680	796,276	738,484
Investments (Note 5) (Note 7)	3,695,854	322,068	4,017,922	2,917,924
Cash surrender value of life insurance	7,109	-	7,109	7,074
Due from (to) funds (Note 6)	3,128	(3,128)	-	-
	4,470,687	350,620	4,821,307	3,663,482
Liabilities				
Current				
Accounts payable and other accruals (Note 8)	190,235	-	190,235	194,380
Special purpose funds (Note 9)	23,494	-	23,494	23,360
Bank indebtedness (Note 10)	230,000	-	230,000	280,000
	443,729	-	443,729	497,740
Parish funds on deposit and other long-term liabilities (Note 11)	3,239,433	-	3,239,433	2,861,364
	3,683,162	-	3,683,162	3,359,104
Contingent liabilities (Note 14)				
Covid-19 (Note 1)				
Net Assets				
Internally restricted	-	51,047	51,047	-
Externally restricted	-	299,573	299,573	-
Unrestricted	787,525	-	787,525	304,378
	787,525	350,620	1,138,145	304,378
	4,470,687	350,620	4,821,307	3,663,482

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, 2021
(Unaudited)*

	General Fund	Designated Funds	2021	2020
Revenue				
Parish contributions based on revenues <i>(Note 12)</i>	219,354	-	219,354	127,800
Bequests	-	293,444	293,444	-
Investment income <i>(Note 7)</i>	103,151	998	104,149	93,276
Interest from parishes	-	-	-	2,333
Canada Emergency Wage Subsidy <i>(Note 1)</i>	17,858	-	17,858	32,626
	340,363	294,442	634,805	256,035
Expenses				
Administration	29,681	-	29,681	30,081
Infirm and retired priests	39,779	-	39,779	64,007
Assistance to parishes	2,564	-	2,564	61,312
Chaplaincy	63,030	-	63,030	29,261
Catechetics	42,869	-	42,869	42,172
CCCB	14,304	-	14,304	14,764
Repairs and maintenance	1,765	-	1,765	-
	193,992	-	193,992	241,597
Excess of revenues over expenses before other income (expenses)	146,371	294,442	440,813	14,438
Other income (expenses)				
Recoveries <i>(Note 12)</i>	18,250	-	18,250	30,882
Interest on parish funds <i>(Note 12)</i>	(89,454)	-	(89,454)	(65,953)
Interest other	(6,548)	-	(6,548)	(9,322)
Investment and management fees <i>(Note 7)</i>	(24,486)	(432)	(24,918)	(19,213)
Bad debt recoveries <i>(Note 12)</i>	14,979	-	14,979	104,388
Realized gain on investments <i>(Note 7)</i>	144,239	-	144,239	29,034
Unrealized gain on investments <i>(Note 7)</i>	380,229	6,610	386,839	145,712
Mediation settlements and legal fees	(50,433)	-	(50,433)	(75,932)
	386,776	6,178	392,954	139,596
Excess of revenue over expenses	533,147	300,620	833,767	154,034

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

For the year ended December 31, 2021

	<i>General Fund</i>	<i>Designated Funds</i>	2021	<i>2020</i>
Net assets, beginning of year	304,378	-	304,378	150,344
Excess of revenue over expenses	533,147	300,620	833,767	154,034
Interfund transfers <i>(Note 6)</i>	(50,000)	50,000	-	-
Net assets, end of year	787,525	350,620	1,138,145	304,378

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, 2021
(Unaudited)*

	<i>General Fund</i>	<i>Designated Funds</i>	<i>2021</i>	<i>2020</i>
Cash provided by (used for) the following activities				
Operating				
Excess of revenue over expenses	533,147	300,620	833,767	154,034
Unrealized gain on investments	(380,229)	(6,610)	(386,839)	(145,712)
Realized gain on investments	144,239	-	144,239	29,034
	297,157	294,010	591,167	37,356
Changes in working capital accounts				
Accounts receivable	(1,558)	-	(1,558)	(26,737)
Prepaid expenses and other deposits	-	-	-	4,567
Accounts payable and other accruals	(4,145)	-	(4,145)	(74,816)
Special purpose funds	134	-	134	3,891
	291,588	294,010	585,598	(55,739)
Financing				
Repayment of demand loan	(50,000)	-	(50,000)	(30,000)
Due (to) from funds	(3,128)	3,128	-	-
Receipt of parish funds on deposit	1,940,753	-	1,940,753	475,710
Repayment of parish funds on deposit	(1,562,684)	-	(1,562,684)	(110,902)
Repayment of other long-term liabilities	-	-	-	1,324
	324,941	3,128	328,069	336,132
Investing				
Purchase of investments	(1,105,302)	(347,138)	(1,452,440)	(569,731)
Proceeds on disposal of investments	790,700	-	790,700	120,613
Interfund transfer	(50,000)	50,000	-	-
Increase in cash surrender value of life insurance	(35)	-	(35)	(82)
	(364,637)	(297,138)	(661,775)	(449,200)
Increase (decrease) in cash resources	251,892	-	251,892	(168,807)
Cash resources, beginning of year	140,478	-	140,478	309,285
Cash resources, end of year	392,370	-	392,370	140,478

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

The Roman Catholic Episcopal Corporation of Yarmouth

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2021
(Unaudited)

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, 1953. 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 with the purpose of providing support and services to the parishes within the counties of Yarmouth, Kings, Annapolis, Digby and Shelburne.

The Corporation 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 prior year, there was a global outbreak of COVID-19 (Coronavirus), which has 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. These restrictions caused a disruption to the normal operations at the Corporation. In response, the Corporation moved all daily masses to on-line and implemented remote working arrangements for all employees. The Corporation relieved parish assessments from March 2020 to August 2020 and resumed collections in September 2020.

While the duration and impact of the COVID-19 outbreak is unknown at this time. The Corporation expects the impacts to its operations to include workforce adjustments, postponement and or cancellation of planned future events, and fluctuations in the valuation of its investment portfolio. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation in future periods.

Canada Emergency Wage Subsidy (CEWS)

The CEWS program was provided by the Federal government to ensure organizations maintained employees. The Corporation was able to utilize the CEWS program to maintain employees in the face of a significant decline in revenue.

CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. The subsidy was retroactive to March 15, 2020. The qualification and application of the CEWS is being assessed over multiple four-week application periods. The Corporation has determined that it qualified for this subsidy from March 15, 2020 through June 2021 and has, accordingly, applied for the CEWS. The Corporation recognizes government assistance when there is reasonable assurance that it will comply with the conditions required to qualify for the assistance. The Corporation has recognized government assistance of \$17,858 (2020- \$32,626) for CEWS.

The Roman Catholic Episcopal Corporation of Yarmouth

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2021

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:

Fund accounting

The Corporation follows the restricted fund method of accounting for contributions, and maintains two funds: the General Fund and the Designated Funds.

General Funds

The General Fund reports the general operations of the Corporation. The main sources of revenue are investment income and parish contributions. There are a variety of expenses set out in the non-consolidated statement of operations. Restricted contributions for which no corresponding restricted fund exists are included in the General Fund.

Designated Funds

The Designated Funds of the Corporation are used to fund specific purposes, as either internally or externally restricted funds. Presently, the externally restricted designated fund is used for Diocesan outreach, and the internally restricted designated fund is used for a variety of expenses. Both the income and principal of the Designated Funds may be expended.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Revenue recognition

The Corporation uses the restricted fund method of accounting for contributions. Restricted contributions for the purposes set out for the Designated Funds are recognized as revenue of the Designated Funds in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the General Fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

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.

The Roman Catholic Episcopal Corporation of Yarmouth

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2021

2. Significant accounting policies (Continued from previous page)

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. Accrued liabilities are recorded using management's best estimate of expenses incurred but not invoiced at year-end. As per note 14, no amounts have been recorded for any potential contingent liabilities as amounts cannot be reasonably estimated and the outcome of the lawsuit is unknown.

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. 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 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.

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 12).

The Roman Catholic Episcopal Corporation of Yarmouth

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2021

2. Significant accounting policies (Continued from previous page)

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 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 consider 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 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 of revenue over expenses in the year the reversal occurs.

3. Change in accounting policy

Effective January 1, 2021, the Corporation changed its revenue recognition policy from the deferral method of accounting for contributions to the restricted fund method of accounting for contributions. The retrospective application of this change in accounting policy did not have an impact as there were no restricted contributions until the current year.

The Roman Catholic Episcopal Corporation of Yarmouth

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2021

4. Accounts receivable

	2021	2020
Receivable from parishes	97,638	99,890
Other receivables	-	9,367
HST receivable	1,683	3,484
Allowance for doubtful accounts	(1,953)	(16,931)
	97,368	95,810

5. Investments

	2021	2020
Measured at fair value:		
Nesbitt Burns - cemetery #1	1,169,422	959,664
Nesbitt Burns - cemetery #2	756,886	645,169
Nesbitt Burns - vocation and parish	2,044,404	1,815,287
Nesbitt Burns - designated funds	353,748	-
	4,324,460	3,420,120
Less: current portion	306,538	502,196
	4,017,922	2,917,924

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.

6. Inter-fund transfers and loans

During the year, a transfer for the purpose of restricting the future use of the funds of \$50,000 was approved from the General Fund to the internally restricted Designated Fund.

The General Fund has a loan balance due from the Designated Funds. This loan is non-interest bearing. The Designated Funds have a loan balance due to the General Fund. This loan is non-interest bearing. The inter-fund loans have no set terms of repayment and, accordingly, these loans have been classified as long-term.

7. Investment income

	2021	2020
Revenues		
Dividends	95,789	81,772
Interest	8,360	11,504
	104,149	93,276
Gains		
Realized gain on investments	144,239	29,034
Unrealized gain on investments	386,839	145,712
	531,078	174,746

The Roman Catholic Episcopal Corporation of Yarmouth

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2021

Expenses		
Management fees	(24,918)	(19,213)
	610,309	248,809

Average funds invested during fiscal year 2021 were \$3,872,291 (2020 - \$3,137,222), resulting in a return on investment of 15.74% (2020 - 7.93%).

8. Accounts payable and other accruals

	2021	2020
Accounts payable and accruals	190,235	194,380
	190,235	194,380

Included in accounts payable and accruals are payables to parishes of \$26,990 (2020 - \$16,738), payable to the Roman Catholic Episcopal Corporation of Halifax of \$49,228 (2020 - \$74,449) and general payables of \$114,016 (2020 - \$103,193).

9. Special purpose funds

	2021	2020
Balance, beginning of year	23,360	19,468
Contributions received during the year	134	4,008
Amount spent on expenses and distributions during the year	-	(116)
	23,494	23,360

10. Bank indebtedness

Bank indebtedness includes an operating demand loan amounting to \$500,000 (2020 - \$500,000) of which \$230,000 (2020 - \$280,000) was drawn down. The operating loan bears interest at prime plus 0.50% (2020 – prime plus 0.50%). Assets pledged as collateral are Nesbitt Burns cemetery investments, with a market value of \$756,886 (2020 – \$645,169).

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

	2021	2020
Parish funds on deposit	3,233,340	2,855,271
Self insurance fund	6,093	6,093
	3,239,433	2,861,364

These deposits bear interest at 3% (2020 - 2.45%) 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 Roman Catholic Episcopal Corporation of Yarmouth

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2021

12. 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). The short-term balances due to related parties are included in accounts payable and accrued liabilities (note 7). The long-term balances owing to related parties are included in parish funds on deposit and other long-term liabilities (note 10).

The Corporation paid management fees of \$12,000 (2020 - \$12,000) to a related party for administrative and accounting services, \$50,433 (2020 - \$75,932) for legal fees and \$14,304 (2020 - \$14,764) for Council of Catholic Bishops' Assessment. Included in the non-consolidated statement of operations is parish contributions of \$219,354 (2020 - \$127,800) collected from the Corporation's controlled entities and interest paid on parish funds on deposit totaling \$89,454 (2020 - \$65,953). Included in recoveries on the non-consolidated statement of operations is \$16,200 (2020 - \$6,750) collected from the Corporation's controlled entities.

Subsequent to year-end, a related party balance included in accounts receivable at December 31, 2021 was repaid. This balance was included in allowance for doubtful accounts at the end of 2020. As a result, included in the non-consolidated statement of operations is a bad debt recovery of \$14,979 related to the reversal of the allowance that was set up at the end of 2020. During the prior 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 enabled the parish to pay the balance that was owing to the Corporation that was previously allowed for as a doubtful account.

13. 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. During the year, the Corporation recovered bad debts of \$14,979 (2020 - \$104,388). 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.

The Roman Catholic Episcopal Corporation of Yarmouth

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2021

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Corporation is exposed to fluctuations arising from changes in foreign exchange rates as it relates to its investments.

14. Contingent liabilities

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.

15. Comparative figures

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