

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

Parish and Diocesan Funds
Financial Statements
December 31, 2020



Independent auditor's report

To His Eminence Thomas Cardinal Collins of Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada

Our qualified opinion

In our opinion, except for the effects and possible effects of the matters described in the *Basis for qualified opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada (the Corporation) as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

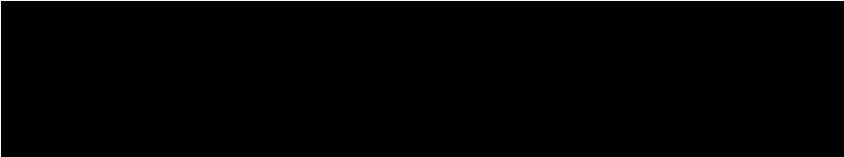
What we have audited


The Corporation's financial statements comprise:

- the balance sheet as at December 31, 2020;
- the statement of revenue and expenditures for the year then ended;
- the statement of change in deficit for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

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

- the financial statements reflect an annual provision charge to the general reserve equal to the net property additions for the year and exclude deferred capital contributions; refer to note 2 to the financial statements for a summary of the financial effects of the misstatement;
 - the financial statements do not include all of the required disclosures related to controlled entities and significantly influenced entities and as a result, it is impracticable to quantify the financial effects of the misstatement; refer to note 1 to the financial statements for a list of entities noted; and
 - the Corporation includes 231 parishes, for which the accounting records of each parish are prepared on a cash basis mostly by volunteers, and therefore the impact of accrual accounting has not been reflected in the financial statements. Due to the number of parishes and there being no integrated system between the diocese and parishes, it is not practicable for us to quantify the financial effects of this misstatement to parishes' revenue, parishes' expenditures, excess of revenue over expenditures for the year and cash provided by operating activities for the years ended December 31, 2020 and 2019, assets and liabilities as at December 31, 2020 and 2019 and the deficit as at the beginning and the end of the years ended December 31, 2020 and 2019.
- 



In common with many not-for-profit organizations, the Corporation derives parish revenues from cash donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Corporation. Therefore, we were not able to determine whether any adjustments might be necessary to church receipts, other receipts, special diocesan collections, donations, bequests and other income, Family of Faith Capital Campaign, excess of revenue over expenditures for the year and cash provided by operating activities for the years ended December 31, 2020 and 2019, current assets and liabilities as at December 31, 2020 and 2019 and the deficit as at the beginning and the end of the years ended December 31, 2020 and 2019.

Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the effects of the departures from ASNPO and the possible effects of the limitation in scope referred to above.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

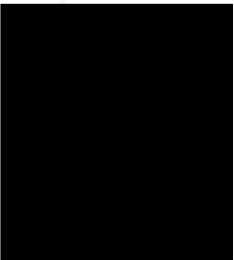


Auditor's responsibilities for the audit of the financial statements

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

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

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




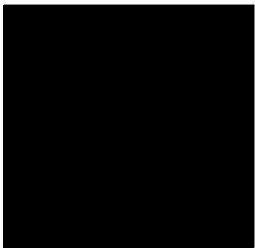

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario



His Eminence Thomas Cardinal Collins
Archbishop of Toronto
Catholic Pastoral Centre
1155 Yonge Street
Toronto, Ontario
M4T 1W2

Your Eminence,

We are pleased to submit the following financial report for Roman Catholic Episcopal Corporation for the Diocese of Toronto, in Canada for the year ended December 31, 2020.

The first section of the report contains the financial statements of Roman Catholic Episcopal Corporation, which present the financial position, results of financial activities and cash flows of these funds. Also included in this section is our auditor's report on the financial statements. The report is consistent with prior years and is qualified with respect to departures from Canadian accounting standards for not-for-profit organizations in the areas of Parish Funds cash basis of accounting, the accounting for capital assets and controlled entities disclosure for non-consolidated entities. In addition, consistent with prior years, the report is also qualified for the completeness of donation revenues.

The second section includes specific financial information with regard to the Diocesan Funds. The third and fourth sections include specific financial information with regard to the Parish Funds. The noted financial information has been subject to audit procedures in our examination of the financial statements to the extent required for us to report on the financial statements.

We will be pleased to discuss this financial report with you at your convenience.



Chartered Professional Accountants, Licensed Public Accountants



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

Balance Sheet

At at December 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash and cash equivalents (note 3)	32,682,370	14,512,518
Special diocesan collections – restricted cash	1,055,306	1,728,052
Prepaid expenses	123,741	323,760
Accrued income	201,845	356,552
Other loans receivable, amounts receivable and deposits	9,522,168	6,424,047
	43,585,430	23,344,929
Advances to related entities (note 8)	16,829,246	17,451,858
Investments (note 4)	32,944,253	30,710,617
Loan receivable	995,035	1,005,292
	94,353,964	72,512,696
Capital assets (note 5)		
Parish properties	895,197,553	875,156,843
Diocesan properties	37,070,222	29,660,395
Land for new parishes	7,585,262	7,489,899
	939,853,037	912,307,137
Less: Amounts transferred from general reserve	(939,853,035)	(912,307,135)
	2	2
	94,353,966	72,512,698
Liabilities		
Current liabilities		
Amounts payable and accrued charges	48,569,814	35,311,577
Special diocesan collections – liabilities	1,055,306	1,728,052
Current portion of deferred contributions (note 7)	7,061,432	7,033,280
Bank indebtedness (note 6)	42,856,000	42,928,000
Parish bank loans	42,170,098	39,503,707
Less: Cash collateral for bank loans	(42,170,098)	(39,503,707)
	99,542,552	87,000,909
Deferred contributions (note 7)	22,070,520	19,918,089
Deferred revenue	1,488,020	1,565,358
	123,101,092	108,484,356
Deficit	(28,747,126)	(35,971,658)
	94,353,966	72,512,698
Commitments and contingencies (note 5)		
Impact of COVID-19 (note 10)		

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

Statement of Revenue and Expenditures

For the year ended December 31, 2020

	2020 \$	2019 \$
Revenue		
Parishes		
Church receipts, including special offerings, legacies and hall revenue	62,917,872	82,235,755
Other receipts	38,072,736	50,951,485
Special diocesan collections	8,175,390	14,634,267
Investment and rental income	1,601,097	1,615,590
Canada Emergency Wage Subsidy (note 10)	15,431,350	-
	<u>126,198,445</u>	<u>149,437,097</u>
Diocesan		
Donations, bequests and other income	21,856,494	20,664,026
Gain on sale of properties	214,185	1,474,741
Family of Faith Capital Campaign (note 7)	1,665,229	4,049,026
Income from investments, loans and bank deposits	1,000,926	3,192,906
Canada Emergency Wage Subsidy (note 10)	3,741,669	-
	<u>28,478,503</u>	<u>29,380,699</u>
	<u>154,676,948</u>	<u>178,817,796</u>
Expenditures		
Parishes		
Ordinary parish expenses	83,848,697	93,066,814
Special diocesan collections disbursed	8,147,386	14,528,751
	<u>91,996,083</u>	<u>107,595,565</u>
Diocesan		
Archdiocesan pastoral services and offices (schedule)	8,785,633	9,615,517
Archdiocesan administration (schedule)	10,173,286	10,792,881
Subsidies, donations and assessments (schedule)	3,976,509	4,357,108
Office of Clergy and Chaplaincy (schedule)	2,062,547	2,454,024
St. Augustine's Seminary	2,520,942	934,696
Family of Faith Capital Campaign (note 7)	1,228,297	1,821,388
Other	642,703	1,244,115
	<u>29,389,917</u>	<u>31,219,729</u>
	<u>121,386,000</u>	<u>138,815,294</u>
Excess of revenue over expenditures from operations	<u>33,290,948</u>	<u>40,002,502</u>
Change in fair value of investments	<u>1,479,484</u>	<u>916,190</u>
Excess of revenue over expenditures for the year	<u>34,770,432</u>	<u>40,918,692</u>

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

Statement of Change in Deficit

For the year ended December 31, 2020

	2020 \$	2019 \$
Deficit – Beginning of year	(35,971,658)	(35,992,957)
Excess of revenue over expenditures for the year	34,770,432	40,918,692
Appropriations for parish and diocesan properties reserves (note 2)	(27,545,900)	(40,897,393)
Deficit – End of year	<u>(28,747,126)</u>	<u>(35,971,658)</u>
Comprising		
Parish Funds – net of appropriations	(109,251,829)	(111,841,821)
Parish bank borrowing guarantee	42,170,098	39,533,781
Diocesan Discretionary Funds	9,415,262	9,415,262
Diocesan General Funds	28,919,343	26,921,120
	<u>(28,747,126)</u>	<u>(35,971,658)</u>

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

Statement of Cash Flows

For the year ended December 31, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	34,770,432	40,918,692
Items not involving cash		
Gain on sale of properties	(214,185)	(1,474,741)
Change in fair value of investments	(1,479,484)	(916,190)
Investment income reinvested	(754,152)	(2,890,520)
Changes in non-cash working capital items		
Prepaid expenses	200,019	110,836
Accrued income	154,707	(40,045)
Other loans receivable, amounts receivable and deposits	(3,098,121)	191,396
Advances to related entities	622,612	(2,036,797)
Amounts payable, loans and accrued charges	13,186,237	(7,139,555)
Deferred contributions	2,180,583	1,003,675
Deferred revenue	(77,338)	(77,337)
	<u>45,491,310</u>	<u>27,649,414</u>
Investing activities		
Purchase of properties	(28,597,543)	(41,843,445)
Proceeds on disposal of properties	1,265,828	2,420,793
Loan receivable	10,257	10,258
Withdrawals from investment portfolio	-	2,000,000
	<u>(27,321,458)</u>	<u>(37,412,394)</u>
Financing activities		
Parish bank loans – net	2,666,391	3,068,302
Decrease in cash collateral	(2,666,391)	(3,068,302)
	<u>-</u>	<u>-</u>
Change in cash and cash equivalents during the year	<u>18,169,852</u>	<u>(9,762,980)</u>
Cash and cash equivalents – Beginning of year	<u>14,512,518</u>	<u>24,275,498</u>
Cash and cash equivalents – End of year	<u>32,682,370</u>	<u>14,512,518</u>

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

Schedule of Archdiocesan Expenditures

For the year ended December 31, 2020

	2020 \$	2019 \$
Archdiocesan pastoral services and offices		
Hospital Chaplaincies	1,074,211	1,220,920
Office of Catholic Youth	811,672	862,185
Office for Formation of Discipleship	787,465	882,538
Office of Public Relations and Communications	686,417	778,208
Office for Refugees	667,846	698,470
York University Chaplaincy	376,646	437,245
Archives	355,805	402,474
Office of Vocations	340,194	390,982
Newman Centre Catholic Mission	307,336	301,701
Office of Development	306,239	376,983
Office of the Judicial Vicar	256,134	138,111
Office of the Permanent Diaconate	249,864	302,043
Other Chaplaincies	224,233	243,801
Office of Marriage and Family Life	211,732	196,880
Ryerson University Chaplaincy	210,554	194,392
Office of Planning and Properties	161,536	157,048
Housing Ministry	161,536	157,048
New Beginnings	149,321	155,450
Catechesis of the Good Shepherd	137,154	165,164
Stewardship and Parish vitality	136,108	196,173
U.O.I.T. University Chaplaincy	133,751	161,878
UTSC University Chaplaincy	131,740	98,531
Ministry of the Deaf	117,423	127,802
Volunteer Screening Initiative	106,739	177,124
Television Ministry	104,000	138,622
Inner City Apostolate	90,000	89,000
Group Procurement	87,444	-
Parish Training Centre	85,404	150,643
UTM University Chaplaincy	69,697	64,497
Airport Chaplaincy	69,303	76,252
Latin Mass Celebration	64,608	64,807
Pastoral Mission	36,035	56,216
Co-operative Mission Plan	36,021	38,657
Immigrant Peoples' Ministries	23,465	93,316
Native Peoples' Ministry	18,000	8,500
Migrant Workers Chaplaincy	-	11,856
	8,785,633	9,615,517
Archdiocesan administration		
Salaries, pension and benefits	6,831,967	7,451,505
General, office and administrative	2,996,256	2,909,891
Property maintenance	345,063	431,485
	10,173,286	10,792,881

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

Schedule of Archdiocesan Expenditures ...*continued*

For the year ended December 31, 2020

	2020 \$	2019 \$
Subsidies, donations and assessments		
Matrimonial tribunals	1,995,679	2,195,884
Other subsidies and donations	1,167,307	1,291,695
Canadian Conference of Catholic Bishops	619,983	649,023
Assembly of Catholic Bishops of Ontario	193,540	220,506
	<hr/>	<hr/>
	3,976,509	4,357,108
 Office of Clergy and Chaplaincy		
Education, sabbatical and other	1,528,526	1,910,600
Administration	534,021	543,424
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	2,062,547	2,454,024
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	24,997,975	27,219,530

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

Notes to Financial Statements

December 31, 2020

1 Nature of operations

Purpose and community of service

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

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

Basis of preparation

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

Controlled entities and significantly influenced entities

The Corporation effectively controls, due to its right to appoint the majority of the voting members of other legal entities' Boards of Directors, the following entities: Catholic Cemeteries & Funeral Services – Archdiocese of Toronto, Catholic Register, St. Augustine's Seminary of Toronto, ShareLife, [REDACTED]

[REDACTED], St. Mary's Senior Citizens' Residence Oshawa, [REDACTED]

[REDACTED], [REDACTED], Redemptoris Mater Seminary, St. Michael's Choir School, [REDACTED]

[REDACTED]. These entities have not been consolidated in the financial statements of the Corporation nor are the financial activities disclosed, since separate audited financial statements are produced for each entity and the nature of operations of the individual entities varies. Therefore, consolidated financial statements would not provide additional meaningful information that is not already available to the users.

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

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

Notes to Financial Statements

December 31, 2020

2 Summary of significant accounting policies

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

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

The more significant of the accounting policies are outlined below.

Capital assets

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

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

Capital expenditures are added to the cost of properties. An annual provision is made by a charge to the general reserve equal to the net property additions during the year. This policy is not in accordance with ASNPO, which requires that amortization of capital assets be recorded on a systematic basis, such as estimated useful life. Based on available capital asset information from the fiscal year ended December 31, 1998 and onwards, if appropriate amortization of the Corporation's capital assets had been recorded for the current year, amortization would have increased by \$17,461,223 (2019 – \$16,772,576), excess of revenue over expenditures for the year would have decreased by the same amount and appropriations for parish and diocesan properties reserves would have decreased by the same amount. The cumulative effect of recording appropriate amortization is that the year-end accumulated amortization would have increased by \$166,026,192 (2019 – \$148,564,969), the ending reserves would have increased by \$519,651,687 (2019 – \$509,567,010) and the amounts transferred from the general reserve would have decreased by \$685,678,156 (2019 – \$658,132,256). Furthermore, the information for pre-1998 capital asset expenditures in the amount of \$257,541,550 is not readily available and therefore it is not practicable to quantify the impact of the misapplication of ASNPO on the amortization for the years ended December 31, 2020 and December 31, 2019, the accumulated amortization and amounts transferred from general reserve as at December 31, 2020 and December 31, 2019 and the reserves as at January 1 and December 31, 2020 and December 31, 2019.

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

Notes to Financial Statements

December 31, 2020

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

Revenue recognition

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

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

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

Reserves

The following reserves have been established:

- **Parish Funds – net of appropriations**

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

- **Parish bank borrowing guarantee**

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

- **Diocesan Discretionary Funds**

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

- **Diocesan General Funds**

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

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

Notes to Financial Statements

December 31, 2020

Special diocesan collections

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

Parish bank loans

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

Pension plan

The Corporation maintains a defined contribution pension plan for all eligible lay employees. Employer contributions to the plan for the year were \$1,036,769 (2019 – \$1,016,935).

Financial instruments

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

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

3 Cash and cash equivalents

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

Cash and cash equivalents are comprised of the following:

	2020 \$	2019 \$
Cash	21,082,532	11,815,976
Bankers' acceptances	11,599,838	2,696,542
	<u>32,682,370</u>	<u>14,512,518</u>

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

Notes to Financial Statements

December 31, 2020

4 Investments

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

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

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

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

	2020		2019	
	Cost \$	Fair value \$	Cost \$	Fair value \$
Pooled funds and other	32,001,512	32,944,253	31,251,564	30,710,617

5 Commitments and contingencies

- i) Capital expenditures of \$27,545,900 (2019 – \$41,843,445) were incurred for the acquisition, construction and improvement of properties during the year.

In the normal course of operations, the Corporation undertakes construction and restoration of buildings and the purchase of land. As at December 31, 2020, these budgeted commitments amount to approximately \$41,279,000 (2019 – \$63,830,000).

In addition, the Corporation issued letters of credit totalling \$3,401,110 (2019 – \$3,428,929) relating to construction projects.

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

Notes to Financial Statements

December 31, 2020

- ii) From time to time, the Corporation is named in lawsuits related to its activities. Where the potential liability can be estimated, management believes the ultimate resolution will not have a material effect on the financial statements. In other cases, due to the stage of the claim, it is not possible to estimate the possible financial liability. Accordingly, no material provisions have been made for loss in these financial statements.

6 Credit standby arrangement and loan facility

The Corporation has established a credit facility with a financial institution consisting of a demand operating credit of \$3,500,000 with interest calculated at the financial institution's prime rate minus 0.75% per annum. On June 17, 2020, the demand operating credit was increased to \$20,000,000 with no other change in terms. The credit limit shall subsequently be reduced to \$15,000,000 on January 31, 2021, to \$10,000,000 on April 30, 2021, and to \$5,000,000 on August 31, 2021. As at December 31, 2020, \$3,000,000 was drawn from the demand operating facility.

In addition, the Corporation has a demand instalment loan for \$39,856,000 (2019 – \$42,928,000), bearing interest at 0.72% to 2.24% (2019 – 1.95% to 2.21%), that was used to assist in the restoration of St. Michael's Cathedral. Commencing January 1, 2019, the Corporation has been making principal repayments of the loan, over 15 years, at an agreed amount of \$256,000 monthly plus interest.

	2020 \$	2019 \$
Demand instalment loan	39,856,000	42,928,000
Demand operating credit facility	3,000,000	-
	<u>42,856,000</u>	<u>42,928,000</u>

7 Deferred contributions

In fiscal 2003, the Archdiocese of Toronto embarked on a capital campaign to raise \$105 million to strengthen its Catholic Family. The funds to be raised in partnership with the parishes and Catholic leaders from the community will address priorities as identified in the Pastoral Plan. Deferred contributions consist of the contributions received from the Family of Faith Capital Campaign that have not been spent at year-end for their intended purpose.

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

	2020 \$	2019 \$	Cumulative to 2020 \$
Balance – Beginning of year	26,951,369	25,947,694	-
Capital Campaign Funds received	8,569,480	16,687,505	143,069,336
Funds distributed to the Diocese	(2,844,960)	(8,771,336)	(74,483,009)
Funds distributed to the Parishes	(4,834,516)	(11,634,804)	(49,499,235)
Funds expended for programs	1,665,229	5,350,544	24,576,803
Funds distributed to others	-	-	(1,102,773)
Capital Campaign costs	(374,649)	(628,234)	(13,429,169)
Balance – End of year	29,131,953	26,951,369	29,131,953
Less: Current portion of deferred contribution	7,061,432	7,033,280	7,061,432-
Long-term portion of deferred contribution	22,070,521	19,918,089	22,070,521

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

	2020 \$	2019 \$	Cumulative to 2020 \$
Diocese			
Family of Faith revenue	1,665,229	4,049,026	63,426,679
Family of Faith qualifying expenditures:			
Parishes capital expenditures			
St. Michael's Cathedral capital expenditures	-	-	25,000,000
Ryerson Catholic Chaplaincy	-	-	1,000,000
Guardian Angels parish capital expenditures	-	-	4,000,000
St. Josephine Bakhita parish capital expenditures	-	-	4,000,000
Other parishes capital expenditures	-	1,490,448	7,951,005
Lay Pastoral Associates expenditures	279,652	145,354	586,743
Youth Ministry expenditures	253,883	591,835	2,231,725
Family of Faith Capital Campaign costs	374,649	628,234	13,429,169
Family of Faith expenditures – others	757,045	1,193,155	5,228,037
	1,665,229	4,049,026	63,426,679
Parish			
Family of Faith expenditures	4,834,516	11,634,804	49,499,235
Add: Youth and Pastoral Associates expenditures	533,535	737,189	2,818,468
Family of Faith qualifying expenditures	5,368,051	12,371,993	52,317,703

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8 Advances to related entities

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

	2020 \$	2019 \$
St. Augustine's Seminary	16,529,346	17,151,958
Catholic Register	299,900	299,900
	<hr/> 16,829,246	<hr/> 17,451,858

9 Financial risk management

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

Market risk

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

Other price risk is the risk the fair value of financial instruments will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation manages this risk for the portfolio through diversification by investing in a variety of investments in the Trust and the portfolio is governed by the Archdiocese Investment Advisory Committee.

Credit risk

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

Liquidity risk

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

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10 Impact of COVID-19

The outbreak of the coronavirus pandemic has resulted in governments worldwide enacting emergency measures to control the spread of the virus. As a result, church masses have been reduced significantly for an indefinite period, which may have a material impact on the Corporation's revenue in fiscal 2021.

During the year, the Corporation was eligible for the Canada Emergency Wage Subsidy (CEWS) and has recognized \$19.1 million (2019 – \$nil) for the program in the statement of revenue and expenditures. As at December 31, 2020, amounts receivable related to CEWS totalled \$2.3 million (2019 – \$nil).

As the situation continues to evolve rapidly, the Corporation is unable to quantify the potential impact the pandemic may have on its financial statements.

11 Subsequent events

On January 21, 2021, property held by the Corporation with a cost of \$108,800 was transferred to a private foundation for \$nil consideration. The private foundation is a related entity of the Corporation by virtue of a common board of directors.

12 Comparative figures

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