

THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD

Financial Statements

Year Ended December 31, 2013

(Unaudited)





WILLSEY DAVIS & Co. LLP

Chartered Accountants

REVIEW ENGAGEMENT REPORT

To the Board of Directors of The Roman Catholic Episcopal Corporation of Grouard

We have reviewed the statement of financial position of The Roman Catholic Episcopal Corporation of Grouard as at December 31, 2013 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

In common with many charitable organizations, the organization derives revenue from donations the completeness of which is not susceptible to review procedures. Accordingly, our review of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess revenues over expenses and net assets.

Except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to complete our review of donations, as described in the preceding paragraph, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Grande Prairie, Alberta
July 22, 2014

Willsey Davis & Co. LLP
CHARTERED ACCOUNTANTS

THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD

Statement of Financial Position

December 31, 2013

(Unaudited)

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 400,530	\$ 468,841
Accounts receivable	196,722	106,772
Goods and services tax recoverable	8,443	9,533
Inventory	18,447	-
Marketable securities	2,523,076	2,282,859
Mortgages receivable	3,715,391	3,217,459
Current portion of loans receivable <i>(Note 3)</i>	22,745	22,630
	6,885,354	6,108,094
LOANS RECEIVABLE <i>(Note 3)</i>	73,977	34,105
PROPERTY AND EQUIPMENT <i>(Note 4)</i>	948,621	1,042,166
	\$ 7,907,952	\$ 7,184,365
LIABILITIES AND NET ASSETS		
CURRENT		
Line of credit <i>(Note 5)</i>	\$ 1,256,001	\$ 1,198,529
Accounts payable <i>(Note 6)</i>	20,196	59,513
Undistributed special donations <i>(Note 7)</i>	24,377	95,799
	1,300,574	1,353,841
PARISH INVESTMENTS HELD IN TRUST <i>(Note 8)</i>	3,464,350	2,919,354
PENSION LIABILITY - INCARDINATE PRIESTS <i>(Note 9)</i>	477,451	390,252
PENSION LIABILITY - FOREIGN PRIESTS <i>(Note 10)</i>	83,801	73,438
RESERVES <i>(Note 11)</i>	488,686	512,780
	5,814,862	5,249,665
NET ASSETS		
INVESTMENT IN PROPERTY AND EQUIPMENT	948,621	1,042,166
UNRESTRICTED NET ASSETS	1,144,469	892,534
	2,093,090	1,934,700
	\$ 7,907,952	\$ 7,184,365

ON BEHALF OF THE BOARD

Director

Director



THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD

Statement of Revenues and Expenditures

Year Ended December 31, 2013

(Unaudited)

	2013	2012
REVENUE		
Catholic Missions in Canada	\$ 410,900	\$ 408,500
Catedraticum	318,001	256,685
CCCB donations	55,000	55,000
General donations	36,043	39,432
Other revenue	53,639	40,992
Residential School fund	1,388	500
Special collections	181,904	160,215
Youth Rally	9,231	19,445
	1,066,106	980,769
EXPENSES		
Archbishop's Office <i>(Schedule 1)</i>	130,611	147,390
Chancellor's Office <i>(Schedule 2)</i>	101,347	75,442
Financial Administrator's Office <i>(Schedule 3)</i>	102,113	124,450
Missions <i>(Schedule 4)</i>	398,812	406,364
Overhead Expenses <i>(Schedule 5)</i>	123,276	136,878
Special Donations <i>(Schedule 6)</i>	181,904	160,215
Vicar General Office <i>(Schedule 7)</i>	47,661	48,912
Youth Coordinator	44,103	56,283
Youth Rally	6,861	19,445
	1,136,688	1,175,379
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(70,582)	(194,610)
OTHER INCOME (EXPENSES)		
Gain (loss) on disposal of assets	(23,390)	328
Investment income	368,565	338,982
Interest paid to parishes and member organizations	(109,428)	(108,015)
Investment fees	(43,631)	(33,059)
Unrealized gain on investments	150,657	77,726
Write down of investments	(113,801)	(53,370)
	228,972	222,592
EXCESS OF REVENUE OVER EXPENSES	\$ 158,390	\$ 27,982



THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD

Statement of Changes in Net Assets

Year Ended December 31, 2013

(Unaudited)

	Unrestricted	Property and Equipment	2013	2012
NET ASSETS - BEGINNING OF YEAR	\$ 892,534	\$ 1,042,166	\$ 1,934,700	\$ 1,906,718
Excess of revenue over expenses	158,390	-	158,390	27,982
Transfer between funds	93,545	(93,545)	-	-
NET ASSETS - END OF YEAR	\$ 1,144,469	\$ 948,621	\$ 2,093,090	\$ 1,934,700



THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD

Statement of Cash Flows

Year Ended December 31, 2013

(Unaudited)

	2013	2012
OPERATING ACTIVITIES		
Cash receipts from donors and grants	\$ 905,825	\$ 1,018,419
Cash paid to suppliers and employees	(1,184,798)	(1,128,598)
Investment income received	368,565	338,982
Interest paid	(109,428)	(108,015)
Investment fees paid	(43,631)	(33,059)
Cash flow from (used by) operating activities	(63,467)	87,729
INVESTING ACTIVITIES		
Purchase of equipment	-	(88,988)
Proceeds on disposal of equipment	60,500	2,500
Repayment of loans receivable	51,354	68,318
Addition to loans receivable	(91,341)	(56,524)
Purchase of marketable securities	(89,560)	(71,907)
Mortgages receivable advances	(611,733)	(173,863)
Cash flow used by investing activities	(680,780)	(320,464)
FINANCING ACTIVITIES		
Line of credit	57,472	7,850
Increase (decrease) in parish investments held in trust	544,996	(65,423)
Increase in pension liability - incardinate priests	87,199	88,136
Increase in pension liability - foreign priests	10,363	4,637
Net contributions (from) to reserves	(24,094)	454,343
Cash flow from financing activities	675,936	489,543
INCREASE (DECREASE) IN CASH FLOW	(68,311)	256,808
Cash - beginning of year	468,841	212,033
CASH - END OF YEAR	\$ 400,530	\$ 468,841



THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD

Notes to Financial Statements

Year Ended December 31, 2013

(Unaudited)

1. PURPOSE OF THE ORGANIZATION

The Roman Catholic Episcopal Corporation of Grouard was incorporated on May 2, 1968 in the Province of Alberta as a not-for-profit organization and is a registered charity under the Income tax Act. The Archdiocese of Grouard-McLennan represents 66 parishes and missions in northwestern Alberta.

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. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations. The financial statements have in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Cash

Cash includes cash on hand and bank accounts.

Inventory

Inventory consists of books held for resale and is valued at the lower of cost and net realizable value.

Marketable securities

Marketable securities for which there are quoted prices in an active market are carried at fair value otherwise they are carried at cost. Unrealized gains or losses are reported as part of net income.

Mortgages receivable

Mortgages receivable are carried at the lower of cost and net realizable value as there is no active market.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Furniture and fixtures	20%	declining balance method
Motor vehicles	30%	declining balance method

In the year of acquisition, amortization is applied at half of normal rates. When property and equipment are disposed, the cost of the asset and the related accumulated amortization are removed from the accounts and any resulting gain or loss on disposal is reflected in income. No amortization is recorded in the year of disposition.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

(continues)



THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD

Notes to Financial Statements

Year Ended December 31, 2013

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The organization follows the deferral method of accounting for contributions.

Special donations revenue is recognized when funds are allocated to specific projects.

Income taxes

As a registered not-for-profit, the organization is exempt from paying income taxes under Section 149(1)(i) of the Income Tax Act.

3. LOANS RECEIVABLE

	2013	2012
Loans receivable from priests arriving in Canada are non-interest bearing, unsecured and repayable by set monthly payroll deductions	\$ 46,722	\$ 56,735
Loan receivable from St. Paul Roman Catholic Church bears interest at 6% per annum, repayable in semi-annual blended payments of \$4,000 is unsecured and matures August 31, 2021	50,000	-
	96,722	56,735
Amounts receivable within one year	(22,745)	(22,630)
	\$ 73,977	\$ 34,105

Principal repayment terms are approximately:

2014	\$ 22,745
2015	23,048
2016	15,079
2017	8,081
2018	6,429
Thereafter	21,340
	<u>\$ 96,722</u>

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Land and buildings	\$ 914,939	\$ -	\$ 914,939	\$ 969,939
Furniture and fixtures	52,292	25,518	26,774	33,467
Motor vehicles	41,106	34,198	6,908	38,760
	\$ 1,008,337	\$ 59,716	\$ 948,621	\$ 1,042,166



THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD

Notes to Financial Statements

Year Ended December 31, 2013

(Unaudited)

5. LINE OF CREDIT

Line of credit advances are payable on demand, non-interest bearing and are secured by the cash accounts of the parishes.

6. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable is payroll source deductions of \$nil (2012 - \$350).

7. UNDISTRIBUTED SPECIAL DONATIONS

	2013	2012
Grouard church renovation	\$ 20,313	\$ 79,516
Slave Lake disaster	2,745	2,745
Youth rally	1,319	1,319
Propagation of faith	-	5,613
Papal charities	-	5,316
Development and Peace	-	1,270
Holy Land Commissariat	-	20
	\$ 24,377	\$ 95,799

Funds collected for specific projects not distributed by year end are shown as liabilities.

8. PARISH INVESTMENTS HELD IN TRUST

The investments are from parishes and other organizations related to the Catholic Church. Interest is payable annually at a rate determined by the Archbishop on the recommendation of the finance committee. The rate for 2013 was 3.39% (2012 - 3.60%).

9. PENSION LIABILITY - INCARDINATE PRIESTS

This pension liability is to provide adequate support and accommodation for all retired or incapacitated priests incardinate in the diocese after taking into account all government, public and social benefit programs. The Robert Lavoie Foundation advises the Archbishop on investment of funds and administers the paying of benefits to retired priests.

10. PENSION LIABILITY - FOREIGN PRIESTS

This pension liability is to provide support for foreign priests returning to their home diocese.



THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD

Notes to Financial Statements

Year Ended December 31, 2013

(Unaudited)

11. RESERVES

	Opening	Contributions	Withdrawals	Closing
<u>2013</u>				
Chancery move	\$ 499,821	\$ 146,746	\$ 168,881	\$ 477,686
Seminary training	12,959	46,226	59,185	-
Vocation promotion	-	11,000	-	11,000
	\$ 512,780	\$ 203,972	\$ 228,066	\$ 488,686
<u>2012</u>				
Chancery move	\$ 10,396	\$ 489,425	\$ -	\$ 499,821
Seminary training	48,041	67,482	102,564	12,959
	\$ 58,437	\$ 556,907	\$ 102,564	\$ 512,780

The chancery move reserve was established in 2011 to fund the move of the chancery from McLennan to Grande Prairie, which commenced during the year and is expected to be completed in the upcoming year.

The seminary training reserve is to provide support to students while they are in seminary with the agreement they will return to the Archdiocese of Grouard-McLennan.

The vocation promotion reserve is to provide funds for the promotion of vocations to religious orders of men and women within the Archdiocese of Grouard-McLennan.

12. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2013.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from parishes with amounts owing. The organization has accounts receivable due from a significant number of parishes which minimizes concentration of credit risk.

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. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate credit facilities.



THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD**Archbishop's Office (Schedule 1)****Year Ended December 31, 2013***(Unaudited)*

	2013	2012
Donations	\$ 18,238	\$ 18,388
Move of chancery	-	11,789
Office planning commission	3,267	8,538
Pension	4,785	4,752
Salaries	86,371	74,071
Stewardship	-	856
Supplies	1,248	1,603
Training and development	10,727	20,503
Travel	5,975	6,890
	\$ 130,611	\$ 147,390

Chancellor's Office (Schedule 2)**Year Ended December 31, 2013***(Unaudited)*

Marriage Annulment Tribunal	\$ 18,450	\$ 23,800
Office	8,418	1,473
Salaries	68,249	47,992
Travel allowance - Chancellor	3,980	168
Utilities	2,250	2,009
	\$ 101,347	\$ 75,442

Financial Administrator's Office (Schedule 3)**Year Ended December 31, 2013***(Unaudited)*

Salaries	\$ 96,363	\$ 118,542
Travel	5,750	5,908
	\$ 102,113	\$ 124,450



THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD

Missions (Schedule 4)

Year Ended December 31, 2013

(Unaudited)

	2013	2012
CCEP Indian Residential Schools Settlement	\$ 20,000	\$ 60,000
Communications	9,061	7,452
Facility and property maintenance	9,545	7,020
Insurance	14,196	12,711
Lay information office and rent	7,278	8,355
Property taxes	8,922	3,071
Salaries	279,880	270,544
Supplies	11,560	10,883
Travel	6,698	588
Utilities	28,384	19,867
Vehicle	3,288	5,543
Youth contingency fund	-	330
	\$ 398,812	\$ 406,364

Overhead Expenses (Schedule 5)

Year Ended December 31, 2013

(Unaudited)

Amortization	\$ 9,654	\$ 17,695
Communications	10,584	11,286
Equipment rent	2,171	2,348
Grounds and facility maintenance	2,941	23,851
Housekeeping and kitchen	9,318	8,160
Insurance	7,250	6,831
Office	20,849	21,763
Professional fees	21,468	13,129
Property taxes	20,428	15,450
Utilities	18,613	16,365
	\$ 123,276	\$ 136,878



THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF GROUARD**Special Donations (Schedule 6)****Year Ended December 31, 2013***(Unaudited)*

	2013	2012
Grouard church renovation	\$ 105,509	\$ 110,361
Special donations	76,395	48,041
Slave Lake disaster assistance	-	1,813
	\$ 181,904	\$ 160,215

Vicar General Office (Schedule 7)**Year Ended December 31, 2013***(Unaudited)*

Pension	\$ 7,422	\$ 7,430
Recruiting of priests	2,062	-
Seminary training	17,573	-
Supplies	-	83
Training for immigrant priests	20,604	40,557
Travel	-	842
	\$ 47,661	\$ 48,912

