

Financial Statements of

**DIOCESAN PASTORAL CENTRE  
OF THE BISHOP OF VICTORIA,  
CORPORATION SOLE**

And Independent Auditors' Report thereon

Year ended December 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Bishop of Diocesan Pastoral Centre of the Bishop of Victoria, Corporation Sole

### ***Opinion***

We have audited the financial statements of Diocesan Pastoral Centre of the Bishop of Victoria, Corporation Sole (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020 and its results of operations and its cash flows for the year then ended in accordance with basis of accounting in note 1 to the financial statements

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 opinion.

### ***Emphasis of Matter - Basis of Preparation***

We draw attention to note 1 to the financial statements, which describes the basis of accounting and the defined entity as reported upon in these financial statements.

The financial statements are prepared for reporting to the Bishop and to lenders and as a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect to this matter.



### ***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 basis of accounting in note 1 to the financial statements; this includes determining that the applicable financial reporting framework is an acceptable basis for the preparation of the financial statements in the circumstances 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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
- 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.

*KPMG LLP*

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Chartered Professional Accountants

Victoria, Canada

June 14, 2021

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Statement of Financial Position

December 31, 2020, with comparative information for 2019

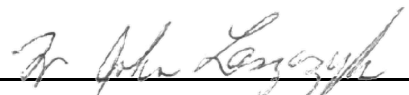
	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ -	\$ 114,742
Accounts receivable	500,171	353,163
Prepaid expenses and deposits	23,923	21,564
	524,094	489,469
Investments (note 2)	5,968,713	5,686,570
Capital assets (note 3)	9,279,593	9,320,712
	\$ 15,772,400	\$ 15,496,751

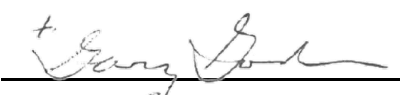
## Liabilities and Net Assets

Current liabilities:		
Bank indebtedness	\$ 49,215	\$ -
Accounts payable and accrued liabilities (note 4)	331,048	186,030
Deferred revenue and contributions (note 5)	1,855,591	1,874,405
	2,235,854	2,060,435
Deferred revenue - life lease (note 5)	1,251,867	1,284,667
Total liabilities	3,487,721	3,345,102
Net assets:		
Invested in capital assets	8,027,726	8,036,045
Restricted for endowment purposes (note 8)	1,230,230	1,230,230
Internally restricted (note 8)	867,218	873,680
Unrestricted	2,159,505	2,011,694
	12,284,679	12,151,649
Guarantees and obligations (note 9)		
Contingencies (note 14)		
	\$ 15,772,400	\$ 15,496,751

See accompanying notes to financial statements.

Approved by the Finance Committee

  
 CHAIR

  
 Bishop

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

## Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Parish assessments	\$ 740,706	\$ 1,132,987
Donations	215,766	111,715
School assessments	1,020,732	1,033,854
Ministries and programs:		
Donations	40,117	98,302
Grants	76,855	139,772
Program revenue recognized	34,797	113,085
Donation appeal	938,895	826,689
Investment income (note 6)	156,733	577,296
Property income	285,156	263,876
Other revenue (note 13)	247,731	38,203
	3,757,488	4,335,779
Expenses:		
General Diocesan	447,550	487,554
Ministries and programs	1,852,943	2,041,094
Property expenses	63,707	63,060
Administration	185,928	214,811
Appeal campaign expenses	68,002	57,859
School expenses	1,006,328	1,079,293
	3,624,458	3,943,671
Excess of revenue over expenses	\$ 133,030	\$ 392,108

See accompanying notes to financial statements.

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

## Statement of Changes In Net Assets

Year ended December 31, 2020, with comparative information for 2019

	Investment in capital assets	Restricted for endowment purposes (note 8)	Internally restricted (note 8)	Unrestricted	Total
Balance January 1, 2019	\$ 8,065,196	\$ 1,128,390	\$ 771,123	\$ 1,692,992	\$ 11,657,701
Excess (deficiency) of revenue over expenses	(39,586)	-	99,755	331,939	392,108
Endowment contributions	-	101,840	-	-	101,840
Internally imposed restrictions	-	-	2,802	(2,802)	-
Capital asset purchases	10,435	-	-	(10,435)	-
Balance December 31, 2019	8,036,045	1,230,230	873,680	2,011,694	12,151,649
Excess (deficiency) of revenue over expenses	(43,394)	-	(6,462)	182,886	133,030
Capital asset purchases	35,075	-	-	(35,075)	-
Balance December 31, 2020	\$ 8,027,726	\$ 1,230,230	\$ 867,218	\$ 2,159,505	\$ 12,284,679

See accompanying notes to financial statements.

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

## Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 133,030	\$ 392,108
Items not involving cash:		
Amortization of capital assets	53,478	49,670
Amortization of buildings under life lease	22,716	22,716
Revenue recognized on life lease	(32,800)	(32,800)
	176,424	431,694
Changes in non-cash operating working capital:		
Increase in accounts receivable	(147,008)	(32,680)
Increase in prepaid expense and deposits	(2,359)	(12,129)
Increase (decrease) in accounts payable and accrued liabilities	145,018	(34,095)
Increase (decrease) in deferred revenue and contributions	(18,814)	390,591
	153,261	743,381
Financing:		
Increase in net assets restricted for endowment purposes	-	101,840
Investing:		
Increase in investments, net	(282,143)	(689,389)
Purchase of capital assets	(35,075)	(10,435)
	(317,218)	(699,824)
Increase (decrease) in cash and cash equivalents	(163,957)	145,397
Cash and cash equivalents (bank indebtedness), beginning of year	114,742	(30,655)
Cash and cash equivalents (bank indebtedness), end of year	\$ (49,215)	\$ 114,742

See accompanying notes to financial statements.



# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Notes to Financial Statements

Year ended December 31, 2020

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Diocesan Pastoral Centre of the Bishop of Victoria, Corporation Sole (the "Corporation Sole") was incorporated by a special act of the legislature and was established for the advancement of Roman Catholic religious worship, instruction and ministry on Vancouver Island.

The Corporation Sole is registered with Canada Revenue Agency as a charitable organization and, accordingly, is not subject to income tax. The Bishop of Victoria, through a Finance Committee, administers the Diocese of Victoria (the "Diocese"), which encompasses the Pastoral Centre, the parishes and other affiliates. As indicated in note 1(a) below, these financial statements reflect only a portion of the assets, liabilities and operations of the Bishop of Victoria, Corporation Sole.

## 1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations except that the individual parishes and missions, St. Patrick's Parish Housing Corporation and the Catholic Independent Schools, Diocese of Victoria, controlled entities, have not been fully consolidated nor disclosed. The financial statements are prepared for purposes of reporting specified operations to the Bishop of the Diocese of Victoria and to lenders on the specified operating activities. As a result, the financial statements may not be suitable for other purposes.

### (a) Defined entity:

The Corporation Sole comprises a number of diverse operations and ownership or control of a number of related entities.

The Corporation Sole includes:

- The Diocesan Pastoral Centre
- The 40 parishes and missions of the Diocese

The Corporation Sole wholly owns and/or has control over:

- St. Patrick's Parish Housing Corporation
- Catholic Independent Schools, Diocese of Victoria

For purposes of these financial statements, the defined entity reflected in these financial statements consists only of the Diocesan Pastoral Centre and does not include the other entities described above. This defined entity for reporting purposes in these financial statements is referred to as the "Pastoral Centre".

The financial statements of Catholic Independent Schools, Diocese of Victoria and St. Patrick's Parish Housing Corporation are subject to separate audit or review engagements.

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 1. Significant accounting policies (continued):

### (a) Defined entity (continued):

On April 1, 2019, St. Joseph's General Hospital transferred its lands and buildings, other assets, employees, contractors rights and responsibilities to Providence Residential and Community Care Services Society. The Asset Transfer agreement was signed on December 21, 2018. Providence Residential and Community Care Services Society assumed all authorized liabilities and costs incurred by St. Joseph's General Hospital related to the transfer.

### (b) Capital assets:

Capital assets are stated at cost less accumulated amortization. Land and buildings acquired prior to January 1, 2011 are recorded at deemed cost, being fair value at January 1, 2011, the transition date to Canadian accounting standards for not-for-profit organizations. Amortization is provided using the straight line method and the following annual rates:

Asset	Rate
Buildings	25 and 50 years
Buildings under life lease	60 years
Furniture and equipment	10 years
Computers	3 years

When a capital asset no longer contributes to the Pastoral Centre's ability to provide services, its carrying amount is written down to its residual value.

### (c) Cash and cash equivalents:

Cash and cash equivalents include cash-on-hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 1. Significant accounting policies (continued):

### (d) Revenue recognition:

The Pastoral Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

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

The Pastoral Centre assesses the parishes for the administration of the Pastoral Centre. These and all other revenue items are recorded on an accrual basis.

### (e) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Pastoral Centre has elected to carry all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using straight-line method.

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 1. Significant accounting policies (continued):

### (f) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Pastoral Centre determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Pastoral Centre expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (g) Allocation of expenses:

The Pastoral Centre engages in program and fundraising activities. The costs of each activity include the costs of personnel and other expenses that are directly related to the function.

The Pastoral Centre also incurs and attributes overhead and general support expenses that are common to the administration of the organization and each of its activities. The allocation of overhead is based on the relative space each program uses of the Pastoral Centre. The allocation of general support expenses is based on the program's proportionate share of total expenses.

### (h) Government assistance:

Government assistance related to current expenses is included in the Statement of Operations (note 13(e)).

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 2. Investments:

Investments are recorded at fair value.

	2020	2019
Cash	\$ 283,713	\$ 133,946
Fixed income	1,414,104	996,425
Guaranteed investment certificates	1,022,771	1,407,244
Money market investments	458,131	196,411
Exchange traded funds	570,061	544,360
Common shares	2,126,888	2,494,387
Preferred shares	366,918	401,040
Mutual Funds	1,410,035	1,238,138
	7,652,621	7,411,951
Amounts held in trust (note 7)	(1,683,908)	(1,725,381)
	\$ 5,968,713	\$ 5,686,570

## 3. Capital assets:

	2020		
	Cost	Accumulated amortization	Net book value
Land	\$ 7,114,979	\$ -	\$ 7,114,979
Buildings	1,560,035	367,343	1,192,692
Buildings under life lease	1,408,000	544,723	863,277
Furniture and equipment	158,007	74,749	83,258
Computers	33,372	7,985	25,387
	\$ 10,274,393	\$ 994,800	\$ 9,279,593

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Notes to Financial Statements (continued)

Year ended December 31, 2020

### 3. Capital assets (continued):

	2019		
	Cost	Accumulated amortization	Net book value
Land	\$ 7,114,979	\$ -	\$ 7,114,979
Buildings	1,560,035	333,983	1,226,052
Buildings under life lease	1,408,000	522,007	885,993
Furniture and equipment	153,380	61,798	91,582
Computers	4,442	2,336	2,106
	<b>\$ 10,240,836</b>	<b>\$ 920,124</b>	<b>\$ 9,320,712</b>

Amortization for the year amounted to \$76,194 (2019 - \$72,386). Amortization of buildings under life leases of \$22,716 (2019 - \$22,716) is included in property expenses.

- (a) The land and buildings are subject to mortgages and guarantees more specifically explained in note 9.
- (b) Included in buildings are prepaid life leases costing \$318,060 (2019 - \$318,060). During the year, the Pastoral Centre recorded amortization of prepaid life leases of \$5,642 (2019 - \$5,642) that is included in property expenses.
- (c) The buildings under life lease are leased to St. Patrick's Parish Housing Corporation under a 60-year life lease.
- (d) During the year the Pastoral Centre wrote off \$734 (2019 - \$nil) of fully amortized furniture and equipment and \$784 (2019 - \$5,823) of fully amortized computers.

### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$33,740 (2019 - \$36,713), which includes amounts payable for GST, workers' safety insurance and payroll related remittances.

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 5. Deferred revenue and contributions:

	Deferred revenue - life lease	Deferred contributions	Endowment accumulated interest	Total
Balance, December 31, 2018	\$ 1,317,467	\$ 1,443,389	\$ 40,425	2,801,281
Amounts recognized as revenue in the year	(32,800)	(683,315)	(18,962)	(735,077)
Amounts received	-	921,369	-	921,369
Allocation of investment income	-	-	171,789	171,789
Balance, December 31, 2019	1,284,667	1,681,443	193,252	3,159,362
Amounts recognized as revenue in the year	(32,800)	(796,200)	(11,150)	(840,150)
Amounts received	-	744,810	-	744,810
Allocation of investment income	-	-	43,436	43,436
Balance, December 31, 2020	\$ 1,251,867	\$ 1,630,053	\$ 225,538	3,107,458

- (a) The deferred revenue - life lease represents deferred revenue for a 60-year life lease of land and buildings granted to St. Patrick's Parish Housing Corporation. This deferred revenue is being recognized as revenue over the 60-year term of the lease at \$32,800 annually.
- (b) Deferred contributions represent unspent contributions, investment income externally restricted for spiritual and education purposes and restricted operating funding received that is related to subsequent periods.

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 6. Investment income:

Investment income earned and recorded in the statement of operations, is calculated as follows:

	2020	2019
Investment income	\$ 225,396	\$ 942,936
Bank interest	35,890	82,326
	261,286	1,025,262
Externally restricted investment income deferred	(14,451)	(66,099)
Investment income allocated to funds held in trust	(46,666)	(210,078)
Endowment investment income deferred	(43,436)	(171,789)
	\$ 156,733	\$ 577,296

## 7. Assets held in trust for other entities:

The Pastoral Centre holds \$1,683,908 (2019 - \$1,725,381) cash and investments in trust for other entities, which includes certain schools and parishes. Neither the trust assets, nor the offsetting trust liabilities, are included on the Statement of Financial Position.

## 8. Restriction on net assets:

The net assets restricted for endowment purposes are all subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income earned on endowments of \$1,230,230 (2019 - \$1,230,230) is externally restricted for educational and spiritual purposes. During 2020, there were no contributions received restricted for endowment purposes (2019 - \$101,840).

As at December 31, 2020, the Pastoral Centre internally restricted \$867,218 (2019 - \$873,680) of net assets. The funds comprise:

- (a) funds restricted for educational and spiritual purposes,
- (b) an insurance reserve

These funds are not available for other purposes without approval of the Pastoral Centre. Interest earned on internally restricted funds is recorded in the Statement of Operations.



# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 9. Guarantees and obligations:

The Bishop has guaranteed the bank loans and obligations of Catholic Independent Schools, Diocese of Victoria. At December 31, 2020 and 2019 these liabilities were as follows:

	2020	2019
Term loans	\$ 2,255,859	\$ 2,395,121
Building expansion loan	1,500,000	1,500,000
	<u>\$ 3,755,859</u>	<u>\$ 3,895,121</u>

## 10. Defined contribution pension plan:

The Pastoral Centre contributes to a defined contribution plan that provides pension benefits to its employees. Participation in the plan is compulsory for all eligible employees. The Pastoral Centre and the employee each contribute 7% (2019 - 7%) of gross annual salary. In 2020, the Pastoral Centre contributed \$93,396 (2019 - \$88,349) to the plan.

## 11. Related party transactions:

Substantial portions of the Pastoral Centre's activities involve transactions with parishes and other religious organizations as described in note 1(a). The following significant related-party transactions occurred during the year:

The Pastoral Centre received revenue from various entities that are wholly owned by the Pastoral Centre or are controlled and administered through a common finance committee. Related party revenues include parish and school assessments, certain donations, administration fees, and grants. Included in property income is lease income of \$32,800 (2019 - \$32,800) from a wholly owned affiliate. These transactions are recorded at the exchange amount, which is the amount agreed upon by the parties.

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 12. Allocated expenses:

Overhead costs of the Pastoral Centre totalling \$130,049 (2019 - \$157,980) have been allocated as follows:

	2020	2019
General Diocesan	\$ 32,785	\$ 41,942
Ministries and programs	13,114	16,776
School expenses	25,136	32,155
Administration	59,014	67,107
	<b>\$ 130,049</b>	<b>\$ 157,980</b>

Administration costs totalling \$619,637 (2019 - \$586,068) have been allocated as follows:

	2020	2019
Ministries and programs	\$ 375,963	\$ 304,755
School expenses	243,674	281,313
	<b>\$ 619,637</b>	<b>\$ 586,068</b>

## 13. Financial risks and concentration of risk:

### (a) Currency risk:

The Pastoral Centre is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. Investments that trade in foreign markets are exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value. The Pastoral Centre's overall currency positions are monitored on a periodic basis by the portfolio manager and managed by the Board quarterly.

### (b) Liquidity risk:

Liquidity risk is the risk that the Pastoral Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Pastoral Centre manages its liquidity risk by monitoring its operating requirements. The Pastoral Centre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

# DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 13. Financial risks and concentration of risk (continued):

### (c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Pastoral Centre is exposed to credit risk with respect to the accounts receivable. The Pastoral Centre assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

### (d) Interest rate risk:

The Pastoral Centre is not exposed to significant interest rate risk.

### (e) COVID-19:

Beginning March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to contain the spread of the virus. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in operational activities. While these affects are expected to be temporary, the duration of the disruption and related financial impact cannot be reasonably estimated at this time. Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, there is inherently more uncertainty as compared to prior periods.

During the year, the Pastoral Centre recognized \$212,311 (2019 - \$nil) of Canada Emergency Wage Subsidy amounts that have been recorded as Other Revenue.

There have been no changes to the risk exposures from the prior year beyond the pervasive impact of COVID-19, as described above.

## 14. Contingencies:

The Pastoral Centre has been named a defendant in eight claims, three of which have filed legal actions. The proceedings are in the very early stages and management is working with legal counsel to assess the validity of the claims. The matters may be subject to negotiation and litigation over many years. Accordingly, management believes it is not possible at this time to determine the outcome of these actions, the amount of loss, if any, or the timing of resolution of these matters. Should any amounts be ultimately payable, certain of the claims may be fully or partially recovered through its insurance carrier. No provision for losses has been reflected in the accounts of the Pastoral Centre for these matters.

# **DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE**

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## **15. Comparative information:**

Certain comparative information has been reclassified to conform to the presentation adopted in the current year.