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# **Ukrainian Catholic Episcopal Corporation of Saskatchewan**

Financial Statements  
December 31, 2017

# Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Financial statements

December 31, 2017

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# Independent auditors' report

To the Members of  
**Ukrainian Catholic Episcopal Corporation of Saskatchewan**

We have audited the accompanying financial statements of **Ukrainian Catholic Episcopal Corporation of Saskatchewan**, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Basis for qualified opinion**

In common with many not-for-profit organizations, **Ukrainian Catholic Episcopal Corporation of Saskatchewan** derives revenue from fundraising and 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 **Ukrainian Catholic Episcopal Corporation of Saskatchewan**. Therefore, we were not able to determine whether any adjustments might be necessary to donations and contributions revenue, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2017, current assets and net assets as at December 31, 2017. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation of scope.



## Independent auditors' report (continued)

### Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Ukrainian Catholic Episcopal Corporation of Saskatchewan** as at December 31, 2017 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.

Saskatoon, Saskatchewan

August 29, 2018

*Ernst & Young LLP*

Chartered Professional Accountants



## Ukrainian Catholic Episcopal Corporation of Saskatchewan

### Statement of financial position

As at December 31

	2017 \$	2016 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	197,384	209,018
Accounts receivable	37,260	37,178
Prepaid expenses and deposits	5,727	7,528
Investments <i>[note 3]</i>	2,911,227	551,433
Current portion of loans receivable <i>[note 4]</i>	74,000	10,000
<b>Total current assets</b>	<b>3,225,598</b>	<b>815,157</b>
Loans receivable <i>[note 4]</i>	-	74,000
Investments <i>[note 3]</i>	663,602	222,726
Capital assets <i>[note 5]</i>	902,573	1,047,627
Other assets		
Saskatoon Co-op equity	459	459
Cemetery plots	18,979	18,979
	<b>4,811,211</b>	<b>2,178,948</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities <i>[note 6]</i>	2,143,931	53,472
Mass stipends payable	5,060	2,000
Deferred contributions		
Aid to Ukraine	877	877
Papal visit to Ukraine	24,213	24,213
Bishop Basil Filevich memorial	960	960
Office of Family Life Ministry	17,455	17,455
Estate of Mike Yuras <i>[note 7]</i>	392,021	415,518
Other deferred contributions	40,606	40,790
Annual Eparchial Appeal	195,732	177,476
	<b>2,820,855</b>	<b>732,761</b>
Contingencies <i>[note 8]</i>		
<b>Net assets</b>		
Investment in capital assets	902,573	1,047,627
Internally-restricted assets for parish development	79,811	79,811
Unrestricted net assets	1,007,972	318,749
	<b>1,990,356</b>	<b>1,446,187</b>
	<b>4,811,211</b>	<b>2,178,948</b>

See accompanying notes

Approved on behalf of the Eparchy:

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# Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Statement of operations

Year ended December 31

	2017	2016
	\$	\$
<b>Revenue</b>		
Parish cathedraticum	161,690	171,568
Parish assessment for clergy insurance	29,659	32,491
Parish assessment for liability insurance	25,715	23,616
Donations and contributions		
Canadian Conference of Catholic Bishops collection	2,251	3,433
Catholic Missions in Canada	97,515	92,514
Eparchial Appeal	93,731	106,666
Eparchial charities	8,028	7,604
Eparchial Communication Office	26,000	25,000
Eparchial News	290	350
Eparchial Social Justice Office	1,391	906
Eparchial study days receipts	2,400	2,850
Office of Family Life	12,954	31,338
Knights of Columbus	622	616
Other donations and contributions	36,105	18,630
Seminary offerings and donations	39,809	26,378
St. Michael's Camp	-	183,588
St. Volodymyr Park	16,006	3,676
Stewardship funding	10,000	-
Youth ministry contributions	42,156	8,500
Transfer from Yuras estate fund	31,079	-
Parish collections - [Schedule 1]	28,212	55,815
Investment income	6,966	8,257
Miscellaneous - certificates, dispensation income, scrolls and books	1,431	10,330
Rental income	18,350	18,660
Gain on sale of Willowgrove property	589,160	-
Gain on sale of Sheptytsky property [note 6]	2,071,035	-
	<b>3,352,555</b>	<b>832,786</b>
<b>Expenses</b>		
Administration - [Schedule 2]	122,281	137,066
Assessments and dues - [Schedule 2]	58,541	59,333
Donations and contributions - [Schedule 2]	2,145,757	60,374
Eparchial Communications Office	44,156	47,550
Eparchial, parish and clergy needs - [Schedule 2]	203,939	389,842
Eparchial Social Justice Office	1,391	906
Eparchial stewardship expenses	27,282	-
Occupancy costs - [Schedule 2]	64,178	60,080
Office of Family Life	34,820	31,338
Travel, meetings and conferences - [Schedule 2]	41,926	32,041
Youth and young adult ministry - [Schedule 2]	64,115	34,388
	<b>2,808,386</b>	<b>852,918</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>544,169</b>	<b>(20,132)</b>

See accompanying notes

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Statement of changes in net assets

Year ended December 31

	Unrestricted net assets \$	Internally- restricted for parish development \$	Invested in capital assets \$	Total 2017 \$	Total 2016 \$
<b>Balance, beginning of year</b>	<b>318,749</b>	<b>79,811</b>	<b>1,047,627</b>	<b>1,446,187</b>	1,466,319
Excess (deficiency) of revenue over expenses	<b>544,169</b>	-	-	<b>544,169</b>	(20,132)
Transfer for amortization	<b>36,828</b>	-	<b>(36,828)</b>	-	-
Transfer for capital purchases	<b>(22,769)</b>	-	<b>22,769</b>	-	-
Gain on sale of capital assets	<b>(589,160)</b>	-	<b>589,160</b>	-	-
Net proceeds on disposal of capital assets	<b>720,155</b>	-	<b>(720,155)</b>	-	-
<b>Balance, end of year</b>	<b>1,007,972</b>	<b>79,811</b>	<b>902,573</b>	<b>1,990,356</b>	1,446,187

See accompanying notes



**Ukrainian Catholic Episcopal Corporation of Saskatchewan**

**Statement of cash flows**

Year ended December 31

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Deficiency of revenue over expenses	<b>544,169</b>	(20,132)
Add (deduct) items not involving cash		
Amortization	<b>36,828</b>	37,911
Gain on sale of Willowgrove property	<b>(589,160)</b>	-
Gain on sale of Sheptytsky property	<b>(2,071,035)</b>	-
	<b>(2,079,198)</b>	17,779
Net change in non-cash working capital items:		
Accounts receivable	<b>(82)</b>	4,229
Inventory	-	2,171
Prepaid expenses and deposits	<b>1,801</b>	(1,520)
Mass stipends payable	<b>3,060</b>	(150)
Deferred contributions	<b>(5,427)</b>	5,890
Accounts payable and accrued liabilities	<b>2,090,462</b>	(13,091)
Cash provided by operating activities	<b>10,616</b>	15,326
<b>Investing activities</b>		
Increase (decrease) in loans receivable	<b>10,000</b>	(81,650)
Increase in investments	<b>(2,800,670)</b>	68,347
Purchase of capital assets	<b>(22,769)</b>	(59,883)
Proceeds of disposal	<b>2,791,189</b>	-
Cash used in investing activities	<b>(22,250)</b>	(73,186)
<b>Net decrease in cash</b>	<b>(11,634)</b>	(57,860)
Cash, beginning of year	<b>209,018</b>	266,878
<b>Cash, end of year</b>	<b>197,384</b>	209,018

See accompanying notes

# Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Notes to the financial statements

December 31, 2017

### 1. Nature of operations

Ukrainian Catholic Episcopal Corporation of Saskatchewan (the "Corporation") is a corporate entity incorporated under Federal statute and is a registered charity under the Income Tax Act.

The purpose of the Corporation is to administer the property, business, temporal and spiritual affairs of the Eparchy of Saskatoon in accordance with the Code of Canon Law.

### 2. Significant accounting policies

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada ("CPA") Handbook - Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

#### Revenue recognition

The Corporation follows the deferral method of accounting for contributions, which include grants and donations. Grants and bequests are recognized in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally-restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Parish cathedraticum and assessments are recorded as revenue only when received due to the extent of uncertainty about the amounts that will ultimately be collected.

Rental revenue is recognized when the services have been provided.

Investment income is recorded in the statements of operations and changes in net assets when earned.

#### Capital assets

Purchased capital assets are recorded at acquisition cost, less accumulated amortization. Contributed capital assets are recorded at fair value at the date of the contribution.

The Corporation provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. Amortization is recorded on the difference between the cost and the residual value. Annual amortization rates are as follows:

Bishop's residence	4%
Chancery	4%
Fences	10%
Office equipment	20%
Vehicle	30%

# Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Notes to the financial statements

December 31, 2017

### 2. Significant accounting policies (continued)

#### Financial instruments

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as investments in pooled funds and any investments in fixed income securities that the Corporation designates upon purchase to be measured at fair value. Transaction costs are recognized in the statement of operations in the period during which they are incurred.

Investments in fixed income securities not designated to be measured at fair value are initially recorded at fair value, plus any transaction costs and are subsequently measured at amortized cost using the straight-line method, less any provision for impairment.

The Corporation's investment in Saskatoon Co-op is recorded at original cost, plus undistributed patronage allocations.

All transactions are recorded on a trade date basis.

#### Allocation of expenses

The costs of personnel and other expenses directly related to functions are allocated to each function. General support and other costs are not allocated.

#### Contributed services and materials

Volunteers assist the Corporation in carrying out its service delivery activities. As a result of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are also not recorded in the accounts.

#### 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

### 3. Investments

Investments consist of guaranteed investment certificates and higher interest savings accounts. Guaranteed investment certificates maturing within the next fiscal year have been classified as current.

## Ukrainian Catholic Episcopal Corporation of Saskatchewan

### Notes to the financial statements

December 31, 2017

#### 4. Loans receivable

	2017	2016
	\$	\$
1.50% Ukrainian Catholic Church Camp of Saskatchewan Inc. loan receivable, interest is payable quarterly and principle is repayable in \$5,000 semi-annual payments, unsecured, matures September 2018	74,000	84,000
Less current portion	(74,000)	(10,000)
	<u>-</u>	<u>74,000</u>

#### 5. Capital assets

	Cost	amortization	2017	2017
	\$	\$	\$	\$
Bishop's residence	257,850	32,152	225,698	230,525
Chancery	714,643	114,842	599,801	606,061
Fences	-	-	-	4,676
Office equipment	102,724	49,042	53,682	54,056
Vehicle	30,577	7,185	23,392	25,991
Land	-	-	-	126,318
	<u>1,105,794</u>	<u>203,221</u>	<u>902,573</u>	<u>1,047,627</u>

#### 6. Accounts payable and accrued liabilities

During the year the Corporation disposed of a property and committed to donate the net proceeds to the Bishop Budka Eparchial Stewardship Society Inc. Included in accounts payable and accrued liabilities is \$2,071,035 related to this commitment.

#### 7. Estate of Mike Yuras

During 2011, the Corporation was the recipient of a bequest from the Estate of Mike Yuras to be used in providing for the education of candidates for the priesthood and to contribute to the growth and expansion of the Ukrainian Greek Catholic Church in the province of Saskatchewan. The Bishop has directed that this bequest be maintained until such a time that some parameters are established as to what the fund will be used for in future years. As such, the bequest has been included in deferred contributions.

#### 8. Contingencies

The Corporation was named as a defendant in a legal action on behalf of a priest seeking to obtain ongoing support relating to a medical disability. As litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this claim or to estimate the loss, if any, which may result.

The Corporation was named as a guarantor for a line-of-credit to St. Michael's Ukrainian Catholic Camp Inc. No balance was drawn on the line-of-credit as of December 31, 2017. Subsequent to year-end, \$60,000 was drawn on this lending facility.

## Ukrainian Catholic Episcopal Corporation of Saskatchewan

### Notes to the financial statements

December 31, 2017

#### 9. Related party transactions

The Corporation assesses a cathedraticum on all active Ukrainian Catholic Parishes in the Eparchy of Saskatoon. This cathedraticum is used by the Corporation to conduct its activities. In the current year, this cathedraticum amounted to 23.00% [2016 - 21.00%] of the Corporation's revenue.

#### 10. Financial instruments

##### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Corporation manages exposure through its normal operating and investing activities. Changes in market interest rates may have an effect on the cash flows associated with some financial assets, known as cash flow risk, and on the fair value of other financial assets, known as price risk.

The Corporation is exposed to interest rate risk with respect to its \$3,496,517 [2016 - \$696,600] in term deposits and guaranteed investment certificates, with fixed interest rates ranging from 1.10% to 2.00%.

##### Credit risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of investments and accounts receivable. It is management's opinion that the Corporation's credit risk is minimal, as its investments are primarily in fixed income instruments issued by a number of Canadian financial institutions.

**Schedule of operating income**

Year ended December 31, 2017

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Parish collections</b>		
Parish support donations and contributions	<b>9,087</b>	34,911
Holy Land support	<b>6,142</b>	5,946
Donetz/Kharkiw Eparchy in Ukraine	<b>4,522</b>	4,944
Missions Offerings and Catholic Missions collections	<b>4,408</b>	4,138
Peter's Pence and Papal charities	<b>2,918</b>	3,481
St. Andrew's Pence	<b>666</b>	1,405
Patriarchal Cathedral in Kiev	<b>469</b>	990
	<b>28,212</b>	55,815

## Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Schedule of operating expenses

Year ended December 31, 2017

	2017	2016
	\$	\$
<b>Administration</b>		
Amortization	36,828	37,911
Bank charges	592	918
Books and subscriptions	2,121	15,479
Office equipment rental	3,784	3,096
Office supplies and postage	1,653	5,249
Professional fees	19,306	20,312
Salaries and benefits	45,434	44,549
Telephone and cable	12,563	9,552
	<u>122,281</u>	<u>137,066</u>
<b>Assessments and dues</b>		
Annual corporate licence	40	40
Canadian Conference of Catholic Bishops	7,354	2,998
Canadian Council of Charities	718	927
Catholic Health Association of Saskatchewan	3,570	3,500
Ecumenical Centre	3,500	4,252
Holy Spirit Seminary	26,621	29,993
Ukrainian Catholic Bishops Synod	16,738	17,623
	<u>58,541</u>	<u>59,333</u>
<b>Donations and contributions</b>		
Bishop Budka Eparchial Stewardship Society Inc. [note 6]	2,071,035	-
Beatification funds	725	871
Catholic Missions in Canada	4,408	4,138
Donetz/Kharkiw Eparchy	4,522	4,944
Holy Land/Lenten charities	6,142	5,946
Patriarchal Cathedral Kyiv	469	990
Peter's Pence	2,918	3,481
St. Andrew's Pence	666	1,405
Ukrainian Catholic Religious Education Centre	42,600	35,800
Various Catholic schools, choirs, youth organizations and community support	12,272	2,799
	<u>2,145,757</u>	<u>60,374</u>

## Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Schedule of operating expenses (continued)

Year ended December 31, 2017

	2017 \$	2016 \$
<b>Eparchial, parish and clergy needs</b>		
Cantor's Workshops	6,972	1,138
Clergy insurance fund contribution	29,659	32,491
Clergy support	70,840	57,936
Eparchial News publication	290	350
Eparchial Study Days (recovery)	144	(456)
Lay formation	11,680	29,300
Meetings	4,674	7,070
Parish support	12,626	34,979
Seminarian dues and support	48,703	30,514
St. Michael's Youth Camp	-	183,067
St. Volodymyr Park	12,152	10,287
Vision 2020	6,199	3,166
	<b>203,939</b>	<b>389,842</b>
<b>Occupancy costs</b>		
Chapel and religious articles	116	94
Household supplies and fixtures	2,337	1,184
Housekeeping	4,408	4,123
Insurance	29,679	27,883
Pinehouse Drive rental expenses	4,109	-
Property taxes	8,218	8,906
Repairs and maintenance	4,440	3,203
Utilities	9,946	10,806
Willowgrove property expenses	925	3,881
	<b>64,178</b>	<b>60,080</b>
<b>Travel, meetings and conferences</b>		
Chancery office and clergy travel	15,217	4,272
Travel	26,709	27,769
	<b>41,926</b>	<b>32,041</b>
<b>Youth and young adult ministry</b>		
Campus and youth ministry	13,200	20,250
Program expenses and travel	22,638	8,691
Telephone	77	54
World Youth Day	-	1,393
Youth camps	28,200	4,000
	<b>64,115</b>	<b>34,388</b>