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# Financial statements

## **Ukrainian Catholic Episcopal Corporation of Saskatchewan**

December 31, 2020

# Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Financial statements

December 31, 2020

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# Independent auditor's report

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

## Qualified Opinion

We have audited the financial statements of **Ukrainian Catholic Episcopal Corporation of Saskatchewan** [the "Organization"], which comprise the statement of financial position as at December 31, 2020, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter 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 the Organization as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for qualified opinion

In common with many not-for-profit organizations, the Organization 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 the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and contributions, Excess (deficiency) of revenues over expenses for the year, and cash used in operating activities for the years ended December 31, 2020 and December 31, 2019, current assets as at December 31, 2020 and December 31, 2019 and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019, was modified accordingly because of the possible effects of this limitation in scope.

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 are independent of the Organization 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 qualified opinion.

## 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 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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



## Independent auditor's report [continued]

### 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 Organization'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 Organization'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 Organization 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.

*Ernst & Young LLP*

Chartered Professional Accountants

Saskatoon, Canada  
June 30, 2021



A member firm of Ernst & Young Global Limited

## Ukrainian Catholic Episcopal Corporation of Saskatchewan

### Statement of financial position

As at December 31, 2020

	2020 \$	2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	389,029	198,985
Accounts receivable	70,903	47,438
Prepaid expenses and deposits	-	5,639
Investments <i>[note 3]</i>	617,941	818,222
Current portion of loans receivable <i>[note 4]</i>	204,000	224,000
<b>Total current assets</b>	<b>1,281,873</b>	<b>1,294,284</b>
Investments <i>[note 3]</i>	494,645	419,733
Capital assets <i>[note 5]</i>	605,809	860,456
Other assets		
Saskatoon Co-op equity	462	462
Cemetery plots	18,979	18,979
	<b>2,401,768</b>	<b>2,593,914</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	20,011	79,010
Deferred contributions		
Aid to Ukraine	23	3
Papal visit to Ukraine	12,871	12,871
Bishop Basil Filevich memorial	960	960
Family Life and Human & Environmental Ministry	53,327	77,793
Estate of Mike Yuras <i>[note 6]</i>	210,356	289,913
Other deferred contributions	85,012	26,673
Annual Eparchial Appeal	87,963	178,575
	<b>470,523</b>	<b>665,798</b>
Contingencies <i>[note 7]</i>		
<b>Net assets</b>		
Investment in capital assets	1,264,562	987,849
Internally-restricted assets for parish development	79,811	79,811
Unrestricted net assets	586,872	860,456
	<b>1,931,245</b>	<b>1,928,116</b>
	<b>2,401,768</b>	<b>2,593,914</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, 2020

	2020	2019
	\$	\$
<b>Revenue</b>		
Parish cathedraticum	161,322	160,296
Parish assessment for clergy insurance	29,302	29,110
Parish assessment for liability insurance	24,779	25,574
Donations and contributions		
Canadian Conference of Catholic Bishops collection	1,402	2,065
Catholic Missions in Canada	73,052	98,000
Eparchial Appeal	95,152	107,357
Eparchial charities	9,770	10,042
Eparchial Communication Office	-	30,000
Eparchial study days receipts	-	3,275
Family Life and Human & Environmental Ministry	69,643	65,318
Knights of Columbus	-	409
Other donations and contributions	29,545	31,210
Seminary offerings and donations	31,074	32,314
St. Volodymyr Park	13,890	4,000
Stewardship funding	-	5,000
Youth ministry contributions	6,305	21,313
Transfer from Yuras estate fund	84,997	78,031
Parish collections - <i>[Schedule 1]</i>	31,146	62,039
Investment income	19,196	19,432
Miscellaneous - certificates, dispensation income, scrolls and books	318	579
Rental income	24,200	24,450
Expense recoveries <i>[note 9]</i>	65,182	12,582
Gain on sale of Bishop's residence	22,897	-
	<b>793,172</b>	<b>822,396</b>
<b>Expenses</b>		
Administration - <i>[Schedule 2]</i>	119,280	121,333
Assessments and dues - <i>[Schedule 2]</i>	54,108	56,293
Donations and contributions - <i>[Schedule 2]</i>	64,978	77,118
Eparchial Communications Office	37,254	48,854
Eparchial, parish and clergy needs - <i>[Schedule 2]</i>	225,645	222,489
Eparchial stewardship expenses	84,997	83,031
Occupancy costs - <i>[Schedule 2]</i>	63,698	69,988
Family Life and Human & Environmental Ministry	86,423	75,999
Travel, meetings and conferences - <i>[Schedule 2]</i>	16,338	45,249
Youth and young adult ministry - <i>[Schedule 2]</i>	37,322	46,174
	<b>790,043</b>	<b>846,528</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>3,129</b>	<b>(24,132)</b>

See accompanying notes

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Statement of changes in net assets

Year ended December 31, 2020

	Unrestricted net assets \$	Internally- restricted for parish development \$	Invested in capital assets \$	Total 2020 \$	Total 2019 \$
<b>Balance, beginning of year</b>	<b>987,849</b>	<b>79,811</b>	<b>860,456</b>	<b>1,928,116</b>	1,952,248
Excess (deficiency) of revenue over expenses	3,129	-	-	3,129	(24,132)
Transfer for amortization	24,906	-	(24,906)	-	-
Transfer for capital purchases	(1,275)	-	1,275	-	-
Gain on sale of capital assets	(22,897)	-	22,897	-	-
Net proceeds on disposal of capital assets	272,850	-	(272,850)	-	-
<b>Balance, end of year</b>	<b>1,264,562</b>	<b>79,811</b>	<b>586,872</b>	<b>1,931,245</b>	1,928,116

See accompanying notes



**Ukrainian Catholic Episcopal Corporation of Saskatchewan**

**Statement of cash flows**

Year ended December 31, 2020

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	<b>3,129</b>	(24,132)
Add item not involving cash		
Amortization of deferred charges	<b>24,906</b>	32,400
Gain on sale of Bishop's Residence	<b>(26,685)</b>	-
	<b>1,351</b>	8,268
Net change in non-cash working capital items:		
Accounts receivable	<b>(23,765)</b>	(10,705)
Prepaid expenses and deposits	<b>5,639</b>	7,235
Mass stipends payable	-	(3,010)
Deferred contributions	<b>(136,275)</b>	(74,373)
Accounts payable and accrued liabilities	<b>(59,002)</b>	17,143
Cash used in operating activities	<b>(212,052)</b>	(55,442)
<b>Investing activities</b>		
Decrease in loans receivable	<b>20,000</b>	10,000
Proceeds on disposal of investments	<b>125,370</b>	52,087
Purchase of capital assets	<b>(1,275)</b>	(22,031)
Proceeds of disposal	<b>258,000</b>	-
Cash provided by investing activities	<b>402,095</b>	40,056
<b>Net increase (decrease) in cash</b>	<b>190,043</b>	(15,386)
Cash, beginning of year	<b>198,985</b>	214,371
<b>Cash, end of year</b>	<b>389,029</b>	198,985

*See accompanying notes*

# Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Notes to financial statements

December 31, 2020

### 1. Nature of operations

Ukrainian Catholic Episcopal Corporation of Saskatchewan [the "Organization"] is a not-for-profit entity incorporated under Federal statute and is a registered charity under the *Income Tax Act*.

The purpose of the Organization 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 *CPA Canada 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 Organization 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 Organization 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%
Office equipment	20%
Vehicle	30%

# Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Notes to financial statements

December 31, 2020

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

#### 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 Organization 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.

#### Related party transactions

The Organization assesses a cathedraticum on all active Ukrainian Catholic Parishes in the Eparchy of Saskatoon. This cathedraticum is used by the Episcopal Corporation to conduct its activities. In the current year, this cathedraticum amounted to 20% of the Organization's revenue [2019 - 19%]. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

#### Government assistance

Amounts received or receivable resulting from government assistance programs are accounted for as income when the Organization becomes eligible to accrue them, provided there is reasonable assurance the benefits will be realized.

## Ukrainian Catholic Episcopal Corporation of Saskatchewan

### Notes to financial statements

December 31, 2020

#### 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.

#### 4. Loans receivable

	2020 \$	2019 \$
3.00% St. Michael's Ukrainian Catholic Church Camp Inc. loan receivable, interest and principal are payable monthly	204,000	204,000
Non-interest bearing Ukrainian Catholic Parish of St. George at Saskatoon, Saskatchewan loan receivable	-	20,000
	<b>204,000</b>	224,000
Less current portion	<b>(204,000)</b>	<b>(224,000)</b>
<b>Long term portion</b>	<b>-</b>	<b>-</b>

#### 5. Capital assets

	Cost \$	Amortization \$	2020 \$	2019 \$
Bishop's residence	-	-	-	231,016
Chancery	714,644	161,661	552,983	567,262
Office equipment	114,272	78,708	35,564	43,020
Vehicle	30,577	13,315	17,262	19,158
	<b>859,492</b>	<b>264,706</b>	<b>605,809</b>	<b>860,456</b>

#### 6. Estate of Mike Yuras

During 2011, the Organization 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.

#### 7. Contingencies

The Organization 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 Organization was named as a guarantor for a line-of-credit to St. Michael's Ukrainian Catholic Camp Inc. In the current year, \$nil was drawn out of this lending facility.

# Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Notes to financial statements

December 31, 2020

### 8. 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 Organization 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 Organization is exposed to interest rate risk with respect to its \$1,112,586 [2019 - \$1,237,956] in term deposits and guaranteed investment certificates, with fixed interest rates ranging from 0.8% to 2.10%.

#### Credit risk

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

### 9. Government assistance

In response to the negative economic impact of COVID-19, various government programs have been announced to provide financial relief to affected businesses. The Organization determined that it qualified for both the Temporary Wage Subsidy ["TWS"] program and the Canada Emergency Wage Subsidy ["CEWS"] program which provides government assistance in the form of a wage subsidy for qualifying businesses that have experienced specified levels of revenue decline designed to keep Canadians employed. During the year ended December 31, 2020, the Organization recognized \$9,959 and \$29,314, respectively under these programs which has been recorded as expense recoveries in the statement of operations.

### 10. Other uncertainties

The outbreak of the Coronavirus disease ["COVID-19"] has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is not known at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments or the impact on the financial position and financial results of the Organization in future periods.

**Schedule of operating income**

Year ended December 31, 2020

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>Parish collections</b>		
Eparchial Charities	<b>21,950</b>	32,385
Missions Offerings and Catholic Missions collections	<b>3,375</b>	3,890
Donetz/Kharkiw Eparchy in Ukraine	<b>2,411</b>	3,240
Peter's Pence and Papal charities	<b>1,282</b>	2,413
Holy Land support	<b>928</b>	5,184
Aid for Ukraine contributions	<b>749</b>	13,743
St. Andrew's Pence	<b>451</b>	874
Patriarchal Cathedral in Kiev	-	310
	<b>31,146</b>	62,039

## Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Schedule of operating expenses

Year ended December 31, 2020

	2020	2019
	\$	\$
<b>Administration</b>		
Amortization	24,906	32,400
Bank charges	381	919
Books and subscriptions	3,125	4,904
Office equipment rental	2,320	3,394
Office supplies and postage	5,923	1,958
Professional fees	23,628	14,172
Salaries and benefits	51,524	52,242
Telephone and cable	7,473	11,344
	<u>119,280</u>	<u>121,333</u>
<b>Assessments and dues</b>		
Annual corporate licence	40	40
Canadian Conference of Catholic Bishops	10,379	11,567
Canadian Council of Charities	826	1,135
Catholic Health Association of Saskatchewan	3,715	3,715
Holy Spirit Seminary	22,430	22,829
Ukrainian Catholic Bishops Synod	16,718	17,007
	<u>54,108</u>	<u>56,293</u>
<b>Donations and contributions</b>		
Aid for Ukraine	750	13,743
Beatification funds	-	521
Catholic Missions in Canada	3,375	3,890
Donetz/Kharkiw Eparchy	2,411	3,240
Holy Land/Lenten charities	928	5,184
Patriarchal Cathedral Kyiv	-	310
Peter's Pence	1,281	2,414
St. Andrew's Pence	451	874
Ukrainian Catholic Religious Education Centre	50,682	41,200
Various Catholic schools, choirs, youth organizations and community support	5,100	5,742
	<u>64,978</u>	<u>77,118</u>

## Ukrainian Catholic Episcopal Corporation of Saskatchewan

## Schedule of operating expenses [continued]

Year ended December 31, 2020

	2020 \$	2019 \$
<b>Eparchial, parish and clergy needs</b>		
Cantor's Workshops	-	3,183
Clergy insurance fund contribution	29,302	29,110
Clergy support	60,732	60,934
St. Matthew Clergy	26,080	-
Eparchial Study Days/Clergy Retreat	700	3,275
Lay formation	22,213	27,756
Meetings	3,793	5,331
Parish support	22,155	33,838
Seminarian dues and support	44,263	51,087
St. Michael's Youth Camp	-	-
St. Volodymyr Park	16,407	5,297
Vision 2020	-	2,678
	<u>225,645</u>	<u>222,489</u>
<b>Occupancy costs</b>		
Chapel and religious articles	39	104
Household supplies and fixtures	2,541	1,294
Housekeeping	3,945	3,664
Insurance	29,763	30,333
Pinehouse Drive rental expenses	10,243	10,822
Property taxes	5,540	5,409
Repairs and maintenance	4,216	9,126
Utilities	7,411	9,236
	<u>63,698</u>	<u>69,988</u>
<b>Travel, meetings and conferences</b>		
Chancery office and clergy travel	1,681	7,470
Travel	14,657	37,779
	<u>16,338</u>	<u>45,249</u>
<b>Youth and young adult ministry</b>		
Campus and youth ministry	20,602	25,000
Program expenses and travel	9,535	5,698
Telephone	215	221
Youth camps	1,700	4,000
World youth days	-	11,255
Youth Ministry - Wages	5,270	-
	<u>37,322</u>	<u>46,174</u>