



Financial statements

Ukrainian Catholic Episcopal Corporation of Saskatchewan

December 31, 2021

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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, 2021, 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, 2021, 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 donations and contributions revenue, excess (deficiency) of revenues over expenses for the year, and cash used in operating activities for the years ended December 31, 2021 and December 31, 2020, current assets as at December 31, 2021 and December 31, 2020 and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020, 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
July 29, 2022



A member firm of Ernst & Young Global Limited

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Statement of financial position

As at December 31

	2021 \$	2020 \$
Assets		
Current assets		
Cash	285,169	389,029
Accounts receivable	55,147	70,903
Prepaid expenses and deposits	5,032	-
Investments <i>[note 4]</i>	114,558	617,941
Current portion of loans receivable <i>[note 5]</i>	204,000	204,000
Total current assets	663,906	1,281,873
Investments <i>[note 4]</i>	1,017,264	494,645
Capital assets <i>[note 6]</i>	589,279	605,809
Other assets		
Saskatoon Co-op equity	462	462
Cemetery plots	18,979	18,979
	2,289,890	2,401,768
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	26,863	20,011
Mass stipends payable	2,000	-
Deferred contributions		
Aid to Ukraine	-	23
Papal visit to Ukraine	12,871	12,871
Bishop Basil Filevich memorial	960	960
Family Life and Human & Environmental Ministry	33,229	53,327
Estate of Mike Yuras <i>[note 7]</i>	99,846	210,356
Other deferred contributions	86,661	85,012
Annual Eparchial Appeal	121,081	87,963
	383,511	470,523
Contingencies <i>[note 8]</i>		
Net assets		
Invested in capital assets	570,341	586,872
Internally-restricted assets for parish development	79,811	79,811
Unrestricted net assets	1,256,227	1,264,562
	1,906,379	1,931,245
	2,289,890	2,401,768

See accompanying notes

Approved on behalf of the Eparchy:

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Statement of operations

Year ended December 31

	2021	2020
	\$	\$
Revenue		
Parish cathedraticum	145,469	161,322
Parish assessment for clergy insurance	26,309	29,302
Parish assessment for liability insurance	22,381	24,779
Donations and contributions		
Canadian Conference of Catholic Bishops collection	670	1,402
Catholic Missions in Canada	124,240	73,052
Eparchial Appeal	83,523	95,152
Eparchial charities	890	9,770
Eparchial Communication Office	36,000	-
Family Life and Human & Environmental Ministry	88,910	69,643
Knights of Columbus	760	-
Other donations and contributions	69,431	29,545
Seminary offerings and donations	43,491	31,074
St. Volodymyr Park	2,305	13,890
Stewardship funding	33,099	-
Youth ministry contributions	23,006	6,305
Transfer from Yuras estate fund	114,281	84,997
Parish collections - <i>[Schedule 1]</i>	136,761	31,146
Investment income	15,466	19,196
Miscellaneous - certificates, dispensation income, scrolls and books	112	318
Rental income	10,900	24,200
Expense recoveries <i>[note 10]</i>	4,988	65,182
Gain on sale of Bishop's residence	-	22,897
Sale of Properties	850	-
	983,842	793,172
Expenses		
Administration - <i>[Schedule 2]</i>	121,533	119,280
Assessments and dues - <i>[Schedule 2]</i>	37,242	54,108
Donations and contributions - <i>[Schedule 2]</i>	127,789	64,978
Eparchial Communications Office	39,705	37,254
Eparchial, parish and clergy needs - <i>[Schedule 2]</i>	329,854	225,645
Eparchial stewardship expenses	147,379	84,997
Occupancy costs - <i>[Schedule 2]</i>	79,796	63,698
Family Life and Human & Environmental Ministry	90,892	86,423
Travel, meetings and conferences - <i>[Schedule 2]</i>	11,202	16,338
Youth and young adult ministry - <i>[Schedule 2]</i>	23,316	37,322
	1,008,708	790,043
Excess (deficiency) of revenue over expenses for the year	(24,866)	3,129

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 2021 \$	Total 2020 \$
Balance, beginning of year	1,264,562	79,811	586,872	1,931,245	1,928,116
Excess (deficiency) of revenue over expenses	(24,866)	-	-	(24,866)	3,129
Transfer for amortization	22,500	-	(22,500)	-	-
Transfer for capital purchases	(5,969)	-	5,969	-	-
Gain on sale of capital assets	(850)	-	850	-	-
Net proceeds on disposal of capital assets	850	-	(850)	-	-
Balance, end of year	1,256,227	79,811	570,341	1,906,379	1,931,245

See accompanying notes

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Statement of cash flows

Year ended December 31

	2021	2020
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	(24,866)	3,129
Add item not involving cash		
Amortization of deferred charges	22,500	24,906
Gain on sale of Bishop's Residence	-	(26,685)
Gain on sale of properties	(850)	-
	(3,216)	1,351
Net change in non-cash working capital items:		
Accounts receivable	15,756	(23,765)
Prepaid expenses and deposits	(5,032)	5,639
Mass stipends payable	2,000	-
Deferred contributions	(95,865)	(136,275)
Accounts payable and accrued liabilities	6,854	(59,002)
Cash used in operating activities	(78,654)	(212,052)
Investing activities		
Proceeds on disposal of investments	(19,236)	125,370
Decrease in loans receivable	-	20,000
Purchase of capital assets	(5,970)	(1,275)
Proceeds of disposal	-	258,000
Cash provided by (used in) investing activities	(25,206)	402,095
Net increase (decrease) in cash	(103,860)	190,043
Cash, beginning of year	389,029	198,985
Cash, end of year	285,169	389,029

See accompanying notes

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Notes to financial statements

December 31, 2021

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 of the Eastern Churches*.

2. Change in accounting policy

Effective January 1, 2021, the Organization adopted the amendments to Section 3856 of Part II of the *CPA Canada Handbook - Accounting*, "Financial Instruments," ["Section 3856" or "the standard"] issued by the Canadian Accounting Standards Board. Under the amended standard, the measurement of related party financial instruments is now incorporated into Section 3856 as opposed to Section 3840, *Related Party Transactions* ["Section 3840"]. Consequently, related party transactions are initially measured at cost, with the exception of equity or debt instruments quoted in an active market, debt instruments when the inputs significant to the determination of the fair value of the instrument are observable, or derivative contracts, which are initially measured at fair value. Cost under the amended standard is determined based on whether the financial instruments has repayment terms. The amendments also require that the subsequent measurement of related party financial instruments be based on how the entity initially measured the instrument, provides guidance on how to measure an impairment of a debt and equity instrument in a related party transaction measured at cost, and requires an entity to recognize forgiveness of a related party financial asset in either equity or net income depending on whether or not the original transaction giving rise to the financial asset was in the normal course of business. Additionally, the standard requires entities to prepare financial instrument disclosures using entity-specific information and significant consequential amendments were made to Section 3840 to clarify that Section 3840 does not apply to related party financial instruments.

The Organization adopted the amendments to Section 3856 retrospectively. The amounts due from related parties included in loans receivable have no set repayment terms and, under the amended standard, are to be recorded at the undiscounted cash flows of the loans, which represent the amounts originally recorded by the Organization. As a result, there was no impact of the adoption of the amendments to Section 3856 on the financial statements of the Organization for the year ended December 31, 2020.

3. 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.

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Notes to financial statements

December 31, 2021

3. Significant accounting policies [continued]

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:

Chancery	4%
Office equipment	20%
Vehicle	30%

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.

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Notes to financial statements

December 31, 2021

3. Significant accounting policies [continued]

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 15% of the Organization's revenue [2020 - 20%]. 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.

4. 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.

5. Loans receivable

	2021	2020
	\$	\$
3.00% St. Michael's Ukrainian Catholic Church Camp Inc. loan receivable, interest and principal are payable monthly	204,000	204,000
Less current portion	(204,000)	(204,000)
Long term portion	-	-

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Notes to financial statements

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6. Capital assets

	Cost	Amortization	2021	2020
	\$	\$	\$	\$
Chancery	714,644	174,747	539,896	552,983
Office equipment	120,241	86,417	33,824	35,564
Vehicle	30,577	15,019	15,559	17,262
	865,462	276,183	589,279	605,809

7. 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.

8. 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, no draws were made for the guarantee on St. Michael's Ukrainian Catholic Camp Inc.

9. 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 \$1,131,822 [2020 - \$1,112,585] in term deposits and guaranteed investment certificates, with fixed interest rates ranging from 1.00% to 1.80%.

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.

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Notes to financial statements

December 31, 2021

10. Government assistance

In response to the negative economic impact of Coronavirus disease ["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, 2021, the Organization recognized \$nil and \$4,988 [2020 - \$9,959 and \$29,314], respectively under these programs which has been recorded as expense recoveries in the statement of operations.

11. Other uncertainties

The outbreak of the 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

	2021	2020
	\$	\$
Parish collections		
Eparchial Charities	127,762	21,950
Donetz/Kharkiw Eparchy in Ukraine	4,090	2,411
Holy Land support	1,930	928
Missions Offerings and Catholic Missions collections	1,280	3,375
Peter's Pence and Papal charities	1,080	1,282
St. Andrew's Pence	534	451
Patriarchal Cathedral in Kiev	85	-
Aid for Ukraine contributions	-	749
	136,761	31,146

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Schedule of operating expenses

Year ended December 31

	2021	2020
	\$	\$
Administration		
Amortization	22,500	24,906
Bank charges	579	381
Books and subscriptions	3,756	3,125
Office equipment rental	623	2,320
Office supplies and postage	3,205	5,923
Professional fees	27,716	23,628
Salaries and benefits	56,731	51,524
Telephone and cable	6,423	7,473
	<u>121,533</u>	<u>119,280</u>
Assessments and dues		
Annual corporate licence	40	40
Canadian Conference of Catholic Bishops	9,601	10,379
Canadian Council of Charities	624	826
Catholic Health Association of Saskatchewan	3,715	3,715
Holy Spirit Seminary	6,617	22,430
Ukrainian Catholic Bishops Synod	16,645	16,718
	<u>37,242</u>	<u>54,108</u>
Donations and contributions		
Aid for Ukraine	-	750
Beatification funds	275	-
Catholic Missions in Canada	1,280	3,375
Donation - Cathedral in Kiev	85	-
Donetz/Kharkiw Eparchy	4,090	2,411
Holy Land/Lenten charities	1,930	928
Peter's Pence	1,080	1,281
St. Andrew's Pence	534	451
Ukrainian Catholic Religious Education Centre	117,265	50,682
Various Catholic schools, choirs, youth organizations and community support	1,250	5,100
	<u>127,789</u>	<u>64,978</u>

Ukrainian Catholic Episcopal Corporation of Saskatchewan

Schedule of operating expenses [continued]

Year ended December 31

	2021 \$	2020 \$
Eparchial, parish and clergy needs		
Clergy insurance fund contribution	26,309	29,302
Clergy support	63,863	60,732
St. Matthew Clergy	19,656	26,080
Eparchial Study Days/Clergy Retreat	2,067	700
Lay formation	38,833	22,213
Meetings	172	3,793
Parish support	128,019	22,155
Seminarian dues and support	49,035	44,263
St. Volodymyr Park	1,900	16,407
	<u>329,854</u>	<u>225,645</u>
Occupancy costs		
Chapel and religious articles	186	39
Household supplies and fixtures	1,482	2,541
Housekeeping	4,431	3,945
Insurance	29,586	29,763
Pinehouse Drive rental expenses	-	10,243
Property taxes	10,256	5,540
Repairs and maintenance	24,753	4,216
Utilities	7,882	7,411
Willowgrove property expenses	1,220	-
	<u>79,796</u>	<u>63,698</u>
Travel, meetings and conferences		
Chancery office and clergy travel	2,672	1,681
Travel	8,530	14,657
	<u>11,202</u>	<u>16,338</u>
Youth and young adult ministry		
Campus and youth ministry	-	20,602
Program expenses and travel	6,195	9,535
Telephone	-	215
Youth camps	5,000	1,700
Youth Ministry - Wages	12,121	5,270
	<u>23,316</u>	<u>37,322</u>