

# **Priests Benevolent Fund Inc.**

Financial Statements  
(Unaudited)  
**December 31, 2020**



March 23, 2021

## **Independent Practitioner's Review Engagement Report**

### **To the Directors of Priests Benevolent Fund Inc.**

We have reviewed the accompanying financial statements of Priests Benevolent Fund Inc. that comprise the statement of financial position as at December 31, 2020, and the statements of operations, 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.

### **Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Priests Benevolent Fund Inc. as at December 31, 2020, 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.

*ArsenaultBestCameronEllis*

**Chartered Professional Accountants**

# Priests Benevolent Fund Inc.

## Statement of Financial Position

(Unaudited)

As at December 31, 2020

|  | 2020<br>\$ | 2019<br>\$ |
|--|------------|------------|
| <b>Assets</b>                            |            |            |
| <b>Current assets</b>                    |            |            |
| Cash                                     | 129,795    | 170,387    |
| Accrued interest receivable              | 7,473      | 5,192      |
| Prepaid expenses                         | 38,772     | 47,932     |
|  | 176,040    | 223,511    |
| <b>Investments</b>                       | 5,044,091  | 4,923,411  |
|  | 5,220,131  | 5,146,922  |
| <b>Liabilities</b>                       |            |            |
| <b>Current liabilities</b>               |            |            |
| Accounts payable and accrued liabilities | 2,600      | 2,600      |
| <b>Net Assets</b>                        | 5,217,531  | 5,144,322  |
|  | 5,220,131  | 5,146,922  |

Approved by the Board of Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# Priests Benevolent Fund Inc.

## Statement of Changes in Net Assets

(Unaudited)

For the year ended December 31, 2020

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|                                    | 2020             | 2019             |
|------------------------------------|------------------|------------------|
|                                    | \$               | \$               |
| <b>Balance - Beginning of year</b> | 5,144,322        | 4,534,838        |
| Excess revenue for the year        | 73,209           | 609,484          |
| <b>Balance - End of year</b>       | <u>5,217,531</u> | <u>5,144,322</u> |

# Priests Benevolent Fund Inc.

## Statement of Operations

(Unaudited)

For the year ended December 31, 2020

|                                       | 2020             | 2019           |
|---------------------------------------|------------------|----------------|
|                                       | \$               | \$             |
| <b>Revenue</b>                        |                  |                |
| Diocese of Charlottetown contribution | -                | 130,000        |
| Clergy dues                           | 6,150            | 2,250          |
| Dividend income                       | 62,870           | 71,768         |
| Donations and bequests                | 75,410           | 273,949        |
| Campaign (Schedule)                   | 70,348           | 82,948         |
| Interest earned on managed funds      | 40,316           | 40,387         |
|                                       | <u>255,094</u>   | <u>601,302</u> |
| <b>Expenses</b>                       |                  |                |
| Clergy benefits                       | 310,588          | 356,429        |
| Miscellaneous                         | 345              | 470            |
| Professional fees and administration  | 4,274            | 8,374          |
| Management fees                       | 57,893           | 56,146         |
| Health                                | 51,456           | 58,456         |
|                                       | <u>424,556</u>   | <u>479,875</u> |
| <b>Operating earnings (loss)</b>      | <u>(169,462)</u> | <u>121,427</u> |
| <b>Other income (expense)</b>         |                  |                |
| Unrealized gain on investments        | 150,657          | 478,011        |
| Realized gain on sale of investments  | 106,655          | 42,353         |
| Foreign exchange loss                 | (12,257)         | (29,481)       |
| Withholding taxes                     | (2,384)          | (2,826)        |
|                                       | <u>242,671</u>   | <u>488,057</u> |
| <b>Excess revenue for the year</b>    | <u>73,209</u>    | <u>609,484</u> |

# Priests Benevolent Fund Inc.

## Statement of Cash Flows

(Unaudited)

For the year ended December 31, 2020

|   | 2020<br>\$ | 2019<br>\$ |
|---|------------|------------|
| <b>Cash provided by (used in)</b>                         |            |            |
| <b>Operating activities</b>                               |            |            |
| Excess revenue for the year                               | 73,209     | 609,484    |
| Items not affecting cash                                  |            |            |
| Unrealized gain on investments                            | (150,657)  | (478,011)  |
| Realized gain on sale of investments                      | (106,655)  | (42,353)   |
| Foreign exchange loss                                     | 12,257     | 29,481     |
|   | (171,846)  | 118,601    |
| Net change in non-cash working capital items              |            |            |
| Decrease in prepaid expenses                              | 9,160      | 6,177      |
| Decrease (increase) in accrued interest receivable        | (2,281)    | 22         |
|   | (164,967)  | 124,800    |
| <b>Investing activity</b>                                 |            |            |
| Decrease (increase) in investments, net of non-cash items | 124,375    | (87,150)   |
| <b>Increase (decrease) in cash</b>                        | (40,592)   | 37,650     |
| <b>Cash - Beginning of year</b>                           | 170,387    | 132,737    |
| <b>Cash - End of year</b>                                 | 129,795    | 170,387    |

# Priests Benevolent Fund Inc.

Notes to Financial Statements

(Unaudited)

December 31, 2020

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## 1 General

Priests Benevolent Fund Inc. was established to provide benefits for Priests of the Roman Catholic Diocese of Charlottetown who are retired, ill, injured or incapacitated including, but not limited to, provision for their physical needs, financial benefits, retirement benefits, housing needs, medical needs, nursing needs and welfare needs. The Priests Benevolent Fund Inc. is a registered charity for income tax purposes and is therefore a non-taxable entity.

## 2 Summary of significant accounting policies

### Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements include the following significant accounting policies:

### Cash

Cash consists of bank balances.

### Revenue recognition

Priests Benevolent Fund Inc. follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable and when ultimate collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

There are currently no restricted or endowment contributions.

Revenue from contributions, clergy dues, dividends and interest is recognized when received.

Revenue from donations, bequests and pledges are recognized when received as the receivable amounts cannot be reasonably estimated.

### Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. A significant item subject to such estimates and assumptions include the valuation of accrued interest receivable. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

# Priests Benevolent Fund Inc.

## Notes to Financial Statements

(Unaudited)

December 31, 2020

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Since January 31, 2020, the outbreak of COVID-19 (coronavirus) has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown, and global equity markets have experienced significant volatility. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the outcome of government and central bank interventions.

In management's estimation, these events have not had a material impact on the carrying value of assets and liabilities reported in these financial statements as at December 31, 2020. The duration and impact of the COVID-19 pandemic remains unclear at this time. Therefore, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.

### Financial instruments

#### a) Measurement of financial instruments

The Priests Benevolent Fund Inc.'s financial instruments consist of cash, accrued interest receivable, investments and accounts payable and accrued liabilities.

The Priests Benevolent Fund Inc. initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. This fair value amount is then deemed to be the amortized cost of the financial instrument.

The Priests Benevolent Fund Inc. subsequently measures all its financial assets and financial liabilities at amortized cost except for investments which are carried at their quoted market value.

#### (b) Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess revenue for the year. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess revenue for the year.

#### (c) Risks

Transacting in financial instruments exposes the Priest Benevolent Fund Inc. to certain financial risks and uncertainties. These risks include:

- i) **Market risk:** The Priest Benevolent Fund Inc.'s investment in publicly traded securities exposes the Priest Benevolent Fund Inc. to market risk, since these equity investments are subject to price fluctuations in the open market.



# **Priests Benevolent Fund Inc.**

Notes to Financial Statements

(Unaudited)

**December 31, 2020**

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## **3 Campaign**

The Priests Benevolent Fund Inc., in conjunction with the parishes of the Diocese of Charlottetown, embarked on a fundraising campaign in 2012. The purpose of the campaign is to provide funding to the Priests Benevolent Fund Inc. to attempt to make it self-sustaining and to provide funds for general-purpose use by the parishes. A financial goal was established for each parish based on the 2011 ordinary revenue reported by the parish. The net funds raised through parishioner contributions at the parish level are to be split 75% for the benefit of the Priests Benevolent Fund Inc. and 25% for the benefit of the parish, up to the parishes established goal level. Funds raised at the individual parish level in excess of the established financial goal are to be split 25% for the benefit of the Priests Benevolent Fund Inc. and 75% for the benefit of the parish.

Campaign pledges totaled \$5,104,363. Pledges made through parish contributions totaled \$3,602,763. Pledges made other than through parishioner contributions at the parish level that are designated 100% for the benefit of the Priests Benevolent Fund Inc. totaled \$1,501,600.

The pledges are to be honoured over five years with the exception of one pledge that is to be received over 10 years. Pledges received in 2020 totaled \$70,348 (2019 - \$85,497). Pledges cancelled to date total \$154,780 (2019 - \$154,780).

# Priests Benevolent Fund Inc.

## Statement of Campaign Revenue and Expenses

(Unaudited)

For the year ended December 31, 2020

Schedule

|                   | 2020          | 2019          |
|-------------------|---------------|---------------|
|                   | \$            | \$            |
| <b>Revenue</b>    |               |               |
| Pledges (note 3)  | 70,348        | 85,497        |
| <b>Expenses</b>   |               |               |
| Parish percentage | -             | 2,549         |
|                   | <u>70,348</u> | <u>82,948</u> |