

Priests Benevolent Fund Inc.

Financial Statements
(Unaudited)
December 31, 2018



Member of The AC Group of Independent Accounting Firms

May 22, 2019

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, 2018, and the statements of operations, 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, 2018, 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, 2018

	2018	2017
	\$	\$
Assets		
Current assets		
Cash	132,737	228,088
Prepaid expenses	54,109	29,634
Accrued interest receivable	5,214	10,603
	<u>192,060</u>	<u>268,325</u>
Investments	<u>4,345,378</u>	<u>4,306,517</u>
	<u>4,537,438</u>	<u>4,574,842</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,600	2,600
Net Assets	<u>4,534,838</u>	<u>4,572,242</u>
	<u>4,537,438</u>	<u>4,574,842</u>

Approved by the Board of Directors

_____ Director

_____ Director

Priests Benevolent Fund Inc.

Statement of Net Assets

(Unaudited)

For the year ended December 31, 2018

	2018	2017
	\$	\$
Balance - Beginning of year	4,572,242	4,272,335
Excess revenue (expenses) for the year	<u>(37,404)</u>	<u>299,907</u>
Balance - End of year	<u>4,534,838</u>	<u>4,572,242</u>

Priests Benevolent Fund Inc.

Statement of Operations

(Unaudited)

For the year ended December 31, 2018

	2018	2017
	\$	\$
Revenue		
Diocese of Charlottetown contribution	135,000	150,000
Clergy dues	9,775	12,840
Dividend income	69,207	68,385
Donations and bequests	-	100,000
Campaign (Schedule)	211,497	306,028
Interest earned on managed funds	36,415	38,143
	<u>461,894</u>	<u>675,396</u>
Expenses		
Clergy benefits	393,694	379,120
Miscellaneous	960	13,582
Professional fees and administration	6,965	10,203
Management fees	56,759	60,156
Health	35,552	52,780
	<u>493,930</u>	<u>515,841</u>
Operating earnings (loss)	<u>(32,036)</u>	<u>159,555</u>
Other income (expense)		
Unrealized gain (loss) on investments	(215,974)	184,036
Realized gain (loss) on sale of investments	166,687	(6,393)
Foreign exchange gain (loss)	46,405	(35,221)
Withholding taxes	(2,486)	(2,070)
	<u>(5,368)</u>	<u>140,352</u>
Excess revenue (expenses) for the year	<u>(37,404)</u>	<u>299,907</u>

Priests Benevolent Fund Inc.

Statement of Cash Flows

(Unaudited)

For the year ended December 31, 2018

	2018	2017
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess revenue (expenses) for the year	(37,404)	299,907
Items not affecting cash		
Unrealized loss (gain) on investments	215,974	(184,036)
Realized loss (gain) on sale of investments	(166,687)	6,393
Foreign exchange loss (gain)	(46,405)	35,221
	<u>(34,522)</u>	<u>157,485</u>
Net change in non-cash working capital items		
Decrease in accounts receivable	-	45,455
Decrease in HST receivable	-	12,437
Increase in prepaid expenses	(24,475)	(29,634)
Decrease in accrued interest receivable	5,389	426
Increase in accounts payable and accrued liabilities	-	800
	<u>(53,608)</u>	<u>186,969</u>
Investing activity		
Increase in investments	<u>(41,743)</u>	<u>(350,405)</u>
Decrease in cash	(95,351)	(163,436)
Cash - Beginning of year	<u>228,088</u>	<u>391,524</u>
Cash - End of year	<u>132,737</u>	<u>228,088</u>

Priests Benevolent Fund Inc.

Notes to Financial Statements

(Unaudited)

December 31, 2018

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 will be 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 being 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. Actual results could differ from those estimates.

Priests Benevolent Fund Inc.

Notes to Financial Statements

(Unaudited)

December 31, 2018

Financial instruments

a) Measurement of financial instruments

The Priests Benevolent Fund Inc.'s financial instruments consist of cash, investments, accrued interest receivable 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 expenses 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 expenses 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, 2018

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 total \$5,104,363. Pledges made through parish contributions total \$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. total \$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 2018 totaled \$244,970 (2017 - \$391,622). Pledges cancelled to date total \$152,259 (2017 - \$138,999).

Priests Benevolent Fund Inc.
 Statement of Campaign Revenue and Expenses
 (Unaudited)
 For the year ended December 31, 2018

	Schedule	
	2018	2017
	\$	\$
Revenue		
Pledges (note 3)	244,970	391,622
Expenses		
Parish percentage	33,473	85,594
	<u>211,497</u>	<u>306,028</u>