

THE UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA

Financial Statements

December 31, 2023

INDEPENDENT AUDITORS' REPORT

To Bishop Bryan Bayda of The Ukrainian Catholic Episcopal Corporation of Eastern Canada:

Qualified Opinion

We have audited the financial statements of The Ukrainian Catholic Episcopal Corporation of Eastern Canada ("the Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and changes in net assets and 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, 2023, 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 non-profit organizations, the Organization derives revenue from contributions and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these sources of revenue was limited to the amounts recorded in the records of the Organization. We were unable to obtain sufficient appropriate audit evidence over and were consequently unable to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, current assets and net assets.

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 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 audit 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.

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INDEPENDENT AUDITORS' REPORT *(continued)*

Auditors' 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.

Williams & Partners

Chartered Professional Accountants LLP
Licensed Public Accountants

Markham, Ontario
June 21, 2024

THE UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA**Statement of Financial Position****December 31, 2023**

	2023	2022
	\$	\$
Assets		
Current		
Cash	276,917	221,808
Short term investments (note 4)	1,371,735	1,264,422
Accounts receivable	287,136	70,454
Government remittances receivable	102,098	77,948
Prepaid expenses	62,952	54,697
Current portion of loans receivable (note 6)	2,448	11,923
	<hr/>	<hr/>
	2,103,286	1,701,252
Long term investments (note 5)	2,362,611	3,108,855
Loans receivable (note 6)	4,833	38,077
Capital assets (note 7)	1,960,669	1,902,405
Permanent member shares (note 8)	150	300
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	6,431,549	6,750,889
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Liabilities		
Current		
Accounts payable and accrued liabilities	35,981	38,001
Unearned revenue	129,621	124,838
	<hr/>	<hr/>
	165,602	162,839
 <i>Commitments (note 10)</i>		
Net Assets		
Unrestricted fund	6,102,430	6,588,050
Internally restricted fund (note 9)	163,517	-
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	6,265,947	6,588,050
	<hr/>	<hr/>
	6,431,549	6,750,889
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On behalf of the Board

Director

THE UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA**Statement of Operations and Changes in Net Assets****Year Ended December 31, 2023**

	2023	2022
	\$	\$
Revenues		
Bingo	29,000	62,697
Donations - Cathedraticum	529,721	208,066
Donations - Other	82,509	46,329
Government wage subsidies	-	37,818
Health benefits and other	229,471	162,040
Insurance	256,860	275,817
Investment	114,809	65,871
Loan interest	2,912	-
Rental	23,400	39,750
	<u>1,268,682</u>	<u>898,388</u>
Expenditures		
Amortization	191,206	129,892
Bingo	32,971	25,230
Residences	54,597	37,342
Conferences and meetings	40,499	47,587
Donations	11,139	49,100
Health benefits	201,308	172,441
Insurance	251,449	288,997
Occupancy costs	60,600	63,150
Office and general	92,409	70,087
Professional fees	54,532	59,652
Repairs and maintenance	32,473	9,411
Salaries and benefits	781,955	645,857
Seminary assessments	39,157	22,900
Telephone and communications	11,075	10,627
Travel	35,909	39,841
Vehicle	32,380	32,456
	<u>1,923,659</u>	<u>1,704,570</u>
Excess (deficiency) of revenues over expenditures before undernoted items	<u>(654,977)</u>	<u>(806,182)</u>
Other income and expenses		
Gain (loss) on disposal of capital assets	322,375	(5,936)
Recovery of HST paid and other	10,499	14,418
	<u>332,874</u>	<u>8,482</u>
Excess (deficiency) of revenues over expenditures	<u>(322,103)</u>	<u>(797,700)</u>

See accompanying notes

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THE UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA

Statement of Changes in Net Assets

Year Ended December 31, 2023

	Unrestricted fund \$	Internally restricted fund \$	2023 \$	2022 \$
Balance, beginning	6,588,050	-	6,588,050	7,385,750
Excess (deficiency) of revenue over expenses	(322,103)	-	(322,103)	(797,700)
Interfund transfer (<i>note 9</i>)	(163,517)	163,517	-	-
Balance, ending	6,102,430	163,517	6,265,947	6,588,050

THE UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA**Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
	\$	\$
Cash flows from operating activities		
Cash received from contributions, donations and rentals	921,515	829,858
Cash paid to suppliers, employees, donees and others	(1,689,559)	(1,594,772)
Investment income received	111,118	58,108
	<u>(656,926)</u>	<u>(706,806)</u>
Cash flows from investing activities		
Proceeds on maturity of investments	727,955	407,823
Acquisition of investments	(89,025)	(54,848)
Acquisition of capital assets	(935,662)	(451,909)
Proceeds on disposition of capital assets	1,008,617	344,395
Permanent member shares	150	150
	<u>712,035</u>	<u>245,611</u>
Increase (decrease) in cash	55,109	(461,195)
Cash, beginning	<u>221,808</u>	<u>683,003</u>
Cash, ending	<u>276,917</u>	<u>221,808</u>

THE UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2023

1. PURPOSE OF THE ORGANIZATION

The Organization is a Ukrainian Catholic Eparchy in the eastern part of Canada which acts as an administrative district for Ukrainian Catholic churches and parishes within the region. The Organization supports ministerial and pastoral work within the eastern part of Canada. The Organization was incorporated in Ontario without share capital on May 31, 1951.

The Organization is a registered Canadian charity and, as such, is exempt from income taxes under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, are in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Revenue recognition

The Organization follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is probable.

Restricted contributions are recognized in the period when the related activity occurs.

Rental revenue is recognized as premises are provided for use and collection is probable.

Investment income is recognized on an accrual basis.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenses.

Financial assets measured at amortized cost include cash, short term investments, accounts receivable, long term investments and loan receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of write-down from impairment is recognized as a charge against excess of revenues over expenditures.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

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THE UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Automobile	3 years
Buildings	25 years
Computer equipment	3 years
Furniture and fixtures	10 years
Leasehold improvements	15 years

Capital assets subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from their use and eventual disposition. The impairment loss is measured by the amount by which the carrying amount of the long-lived asset exceeds their fair value.

Foreign currency transactions

Transactions denominated in a foreign currency have been translated at the rate of exchange in effect on the date of the transaction. Monetary items included on the statement of financial position have been translated at the rate of exchange in effect as at the statement of financial position date. Gains and losses on translations of foreign currencies are included in excess of revenues over expenses.

Donated services

These financial statements do not reflect donated services except where the fair value can be reasonably estimated and when they are used in the course of normal operations.

Use of estimates

The preparation of the Organization's financial statements, in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions which affect the reported amounts 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 expenditures for the year. Estimates are used when accounting for amortization of capital assets and accrued liabilities. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported. As adjustments become necessary, they are reported in excess revenues over expenditures in the period in which they become known.

3. FINANCIAL INSTRUMENT RISK EXPOSURES

The organization is exposed to risk through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentration at the statement of financial position date.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Organization is exposed to credit risk on its accounts receivable. In order to reduce its credit risk, the Organization has adopted credit policies which include the regular review and analysis of the aging of its receivables.

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THE UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2023

3. FINANCIAL INSTRUMENT RISK EXPOSURES *(continued)*

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due as a result of the Organization's inability to liquidate assets in a timely manner and at a reasonable price.

The Organization is exposed to liquidity risk and mitigates this risk by holding assets that can be readily converted to cash.

Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all securities traded in the market. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is not exposed to other price risk.

The Organization is exposed to market risk and mitigates this risk by investing in a diversified portfolio of investments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Organization is exposed to currency risk as certain assets are denominated in US dollars:

	2023 \$	2022 \$
Cash	19,250	19,231

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Organization is exposed to interest rate price risk on its short term investments, and long term investments bearing interest at fixed rates as described in notes 4 and 5.

Changes in risk

There has been a decrease in the Organization's interest rate risk exposures due to the decrease in investments compared to the prior year. There have been no other significant changes in the Organization's risk exposures from the prior year.

4. SHORT TERM INVESTMENTS

Included in short term investments are guaranteed investment certificates of \$1,166,277 (2022 - \$1,072,500) bearing interest at rates between 1.60% and 4.50% per annum, and maturing between April 2024 and May 2024. In addition, short term investments includes mutual fund securities of \$205,458 (2022 - \$191,922) held at Manulife Securities.

5. LONG TERM INVESTMENTS

Included in long term investments are guaranteed investment certificates of \$2,362,611 (2022 - \$3,108,855) bearing interest at rates between 1.80% and 3.75% per annum, and maturing between May 2025 and June 2026.

THE UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2023

6. LOANS RECEIVABLE

	2023 \$	2022 \$
Loans receivable are unsecured, bearing interest at an annual rate of 5.95% per annum, with monthly payments ranging from \$235 to \$844, and maturing between November 2025 and April 2027.	7,281	50,000
Current portion	(2,448)	(11,923)
	<u>4,833</u>	<u>38,077</u>

7. CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	2023 Net book value \$	2022 Net book value \$
Land	39,490	-	39,490	39,490
Automobile	24,495	24,495	-	-
Buildings	2,109,219	291,204	1,818,015	1,770,913
Computer equipment	49,867	45,620	4,247	-
Furniture and fixtures	66,989	17,289	49,700	47,312
Leasehold improvements	147,484	98,267	49,217	44,690
	<u>2,437,544</u>	<u>476,875</u>	<u>1,960,669</u>	<u>1,902,405</u>

There are no impairment indicators affecting property and equipment noted for the year ended December 31, 2023.

8. PERMANENT MEMBER SHARES

Permanent member shares represents a member's ownership of, or a member's equity in a credit union.

	2023 \$	2022 \$
Bingo	-	150
Investment	150	150
	<u>150</u>	<u>300</u>

Permanent member shares are owned in one account at the Ukrainian Credit Union Limited. The Bingo investment account was closed on December 19, 2023.

THE UKRAINIAN CATHOLIC EPISCOPAL CORPORATION OF EASTERN CANADA

Notes to Financial Statements

Year Ended December 31, 2023

9. INTERNALLY RESTRICTED FUND

Internally restricted fund relates to the proceeds on the sale of the Red Lake and Kirkland Lake parish churches which are internally restricted to be used to fund future expenses related to these parishes. During the year there was a transfer of \$163,517 (2022 - \$Nil) from unrestricted to internally restricted funds.

10. COMMITMENTS

The Organization is committed to leasing its office space and certain vehicles through to January 2026. Future minimum lease payments on these leases are as follows:

	\$
2024	76,000
2025	71,300
2026	4,000
	<u>151,300</u>

11. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year's presentation.