



INDEPENDENT AUDITORS' REPORT ON THE SUMMARY COMBINED FINANCIAL STATEMENTS

To His Excellency, the Bishop of Hamilton

Opinion

The summary combined financial statements, which comprise the summary combined balance sheet as at December 31, 2018, and the summary combined statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and related notes, are derived from the audited combined financial statements of The Roman Catholic Episcopal Corporation of the Diocese of Hamilton in Ontario (the Diocese) for the year ended December 31, 2018.

In our opinion, the accompanying summary combined financial statements are a fair summary of the combined financial statements, in accordance with the criteria disclosed in Notes to the summary combined financial statements. However, we were not able to determine if any adjustments to the summary combined financial statements were necessary for the reasons described in *The Audited Combined Financial Statements and Our Report Thereon* section of this audit report.

Summary Combined Financial Statements

The summary combined financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the summary combined financial statements and the auditors' report thereon, therefore, is not a substitute for reading the Diocese's audited combined financial statements and the auditors' report thereon. The summary combined financial statements and the audited combined financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited combined financial statements.

The Audited Combined Financial Statements and Our Report Thereon

In our report dated June 12, 2019:

- We expressed a qualified audit opinion on the audited combined financial statements because we were not able to obtain sufficient appropriate audit evidence regarding the completeness of revenue from contributions from the public and fundraising activities.
- We also expressed a qualified audit opinion on the audited combined financial statements because some capital asset acquisitions and disposals were treated as operating expenditures instead of being capitalized and amortized which constitutes a departure from Canadian accounting standards for not-for-profit organizations.

Management's Responsibility for the Summary Combined Financial Statements

Management is responsible for the preparation of the summary combined financial statements in accordance with the criteria disclosed in Notes to the summary combined financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary combined financial statements are a fair summary of the audited combined financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

HAMILTON, ONTARIO
June 12, 2019

HGK Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF THE DIOCESE OF HAMILTON IN ONTARIO
Summary Combined Balance Sheet
As at December 31, 2018

	2018	2017
ASSETS		
Cash	\$ 5,789,133	\$ 15,922,350
Accounts and accrued receivables	7,681,366	7,802,940
Loans receivable - within and outside the Corporation	73,496,789	71,926,506
Investments	96,516,308	103,507,764
Capital assets	29,711,286	28,301,039
Restricted assets	92,458,546	94,889,057
Other assets	<u>251,411</u>	<u>233,957</u>
	<u>\$ 305,904,839</u>	<u>\$ 322,583,613</u>
LIABILITIES		
Bank indebtedness	\$ 8,050,366	\$ 11,451,390
Accounts payable and accrued liabilities	1,960,678	2,087,383
Funds held in trust - Refugee Program	865,616	999,378
Loans payable - within and outside the Corporation	30,586,511	25,617,554
Deferred revenue	22,772,444	21,618,103
Accumulated revenue on prearrangements payable	<u>9,628,931</u>	<u>9,415,759</u>
	<u>73,864,546</u>	<u>71,189,567</u>
FUND BALANCES		
Externally restricted funds	62,311,443	65,229,189
Unrestricted General Fund	<u>169,728,850</u>	<u>186,164,857</u>
	<u>232,040,293</u>	<u>251,394,046</u>
	<u>\$ 305,904,839</u>	<u>\$ 322,583,613</u>

Approved by:

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See accompanying notes to summary combined financial statements

THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF THE DIOCESE OF HAMILTON IN ONTARIO
Summary Combined Statement of Revenue and Expenditures
Year Ended December 31, 2018

	Externally Restricted Funds	Unrestricted General Fund	Total 2018	Total 2017
Revenue				
Parish assessments	\$ -	\$ 3,428,136	\$ 3,428,136	\$ 3,292,285
Donations and bequests	1,797,794	488,086	2,285,880	1,986,139
Goods, services and other	238,272	9,515,967	9,754,239	9,344,712
Investment revenue and rent	<u>(1,555,599)</u>	<u>(2,448,264)</u>	<u>(4,003,863)</u>	<u>13,793,965</u>
	<u>480,467</u>	<u>10,983,925</u>	<u>11,464,392</u>	<u>28,417,101</u>
Expenditures				
Donations	999,700	7,665,574	8,665,274	12,706,504
Wages and benefits	-	8,429,681	8,429,681	7,842,615
Investment expenditures and interest	540,173	1,315,987	1,856,160	1,810,038
Property and amortization	-	4,132,321	4,132,321	4,544,113
Other	785,304	5,966,612	6,751,916	6,651,593
Net disposal of property	<u>-</u>	<u>1,990,978</u>	<u>1,990,978</u>	<u>(29,816,980)</u>
	<u>2,325,177</u>	<u>29,501,153</u>	<u>31,826,330</u>	<u>3,737,883</u>
(DEFICIENCY OF) EXCESS				
REVENUE OVER EXPENDITURES	<u>\$ (1,844,710)</u>	<u>\$ (18,517,228)</u>	<u>\$ (20,361,938)</u>	<u>\$ 24,679,218</u>

See accompanying notes to summary combined financial statements

THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF THE DIOCESE OF HAMILTON IN ONTARIO
Summary Combined Statement of Changes in Fund Balances
Year Ended December 31, 2018

	Externally Restricted Funds	Unrestricted General Fund	Total
		<u>2018</u>	
Balance, beginning of year	\$ 65,229,189	\$ 186,164,857	\$ 251,394,046
Deficiency of revenue over expenditures	(1,844,710)	(18,517,228)	(20,361,938)
Care & Maintenance Fund contributions received	1,221,493	-	1,221,493
Pre-Need Assurance Fund 100% - transfer to accumulated revenue payable	(213,308)	-	(213,308)
Interfund transfers	(2,081,221)	2,081,221	-
Balance, end of year	<u>\$ 62,311,443</u>	<u>\$ 169,728,850</u>	<u>\$ 232,040,293</u>
		<u>2017</u>	
Balance, beginning of year	\$ 62,453,185	\$ 163,340,128	\$ 225,793,313
Excess revenue over expenditures	4,641,441	20,037,777	24,679,218
Care & Maintenance Fund contributions received	1,169,596	-	1,169,596
Pre-Need Assurance Fund 100% - transfer (to) from accumulated revenue payable	(248,081)	-	(248,081)
Interfund transfers	(2,786,952)	2,786,952	-
Balance, end of year	<u>\$ 65,229,189</u>	<u>\$ 186,164,857</u>	<u>\$ 251,394,046</u>

See accompanying notes to summary combined financial statements

Notes to the Summary Combined Financial Statements

The summary combined financial statements are derived from the audited combined financial statements, prepared in accordance with Canadian accounting standards for not-for-profit organizations, as at December 31, 2018 and December 31, 2017 and for the years then ended.

The preparation of these summary combined financial statements requires management to determine the information that needs to be reflected in them so that they are consistent in all material respects with, or represent a fair summary of, the audited combined financial statements.

Management prepared these summary combined financial statements using the following criteria:

- (a) the summary combined financial statements include a statement for each combined statement included in the audited combined financial statements with the exception that management determined that the combined statement of cash flows does not provide additional useful information and as such has not included them as part of the summary combined financial statements;
- (b) information in the summary combined financial statements agrees with the related information in the audited combined financial statements;
- (c) major subtotals, totals and comparative information from the audited combined financial statements are included; and
- (d) the summary combined financial statements contain the information from the audited combined financial statements dealing with matters having a pervasive or otherwise significant effect on the summarized combined financial statements. Copies of the audited combined financial statements are available at the Diocesan Chancery office.