

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, 2019, 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, 2019.

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 July 7, 2020:

- 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
July 15, 2020

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, 2019

	2019	2018
ASSETS		
Cash	\$ 6,732,707	\$ 3,946,678
Accounts and accrued receivables	9,906,433	7,681,366
Loans receivable - within and outside the Corporation	75,420,752	73,496,789
Investments	97,419,315	96,516,308
Capital assets	28,823,852	29,711,286
Restricted assets	110,506,639	94,301,001
Other assets	259,313	251,411
	<u>\$ 329,069,011</u>	<u>\$ 305,904,839</u>
LIABILITIES		
Bank indebtedness	\$ 7,239,371	\$ 8,050,366
Accounts payable and accrued liabilities	2,857,353	1,960,678
Funds held in trust - Refugee Program	950,637	865,616
Loans payable - within and outside the Corporation	32,579,929	30,586,511
Mortgage payable	16,500,000	-
Deferred revenue	23,397,176	22,094,958
Accumulated revenue on prearrangements payable	9,798,338	9,628,931
	<u>93,322,804</u>	<u>73,187,060</u>
FUND BALANCES		
Externally restricted funds	78,113,733	62,988,929
Unrestricted General Fund	157,632,474	169,728,850
	<u>235,746,207</u>	<u>232,717,779</u>
	<u>\$ 329,069,011</u>	<u>\$ 305,904,839</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, 2019

	Externally Restricted Funds	Unrestricted General Fund	Total 2019	Total 2018
Revenue				
Parish assessments	\$ -	\$ 3,171,180	\$ 3,171,180	\$ 3,428,136
Donations and bequests	7,576,854	110,312	7,687,166	2,285,880
Goods, services and other	172,568	11,105,571	11,278,139	9,754,239
Investment revenue and rent	<u>10,938,417</u>	<u>13,425,606</u>	<u>24,364,023</u>	<u>(4,003,863)</u>
	<u>18,687,839</u>	<u>27,812,669</u>	<u>46,500,508</u>	<u>11,464,392</u>
Expenditures				
Donations	1,703,852	13,335,090	15,038,942	8,665,274
Wages and benefits	-	8,540,020	8,540,020	8,429,681
Investment expenditures and interest	659,931	1,433,982	2,093,913	1,856,160
Property and amortization	-	6,831,145	6,831,145	4,132,321
Other	454,626	8,515,579	8,970,205	6,751,916
Net acquisition of property	<u>-</u>	<u>3,395,017</u>	<u>3,395,017</u>	<u>1,990,978</u>
	<u>2,818,409</u>	<u>42,050,833</u>	<u>44,869,242</u>	<u>31,826,330</u>
EXCESS (DEFICIENCY OF)				
REVENUE OVER EXPENDITURES	<u>\$ 15,869,430</u>	<u>\$ (14,238,164)</u>	<u>\$ 1,631,266</u>	<u>\$ (20,361,938)</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, 2019

	Externally Restricted Funds	Unrestricted General Fund	Total
		<u>2019</u>	
Balance, beginning of year	\$ 62,988,929	\$ 169,728,850	\$ 232,717,779
Excess (deficiency of) revenue over expenditures	15,869,430	(14,238,164)	1,631,266
Care & Maintenance Fund (net) contributions received	1,566,569	-	1,566,569
Pre-Need Assurance Fund 100% - transfer to accumulated revenue payable	(169,407)	-	(169,407)
Interfund transfers	<u>(2,141,788)</u>	<u>2,141,788</u>	-
Balance, end of year	<u>\$ 78,113,733</u>	<u>\$ 157,632,474</u>	<u>\$ 235,746,207</u>
		<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)
Distributions for One Heart One Soul	677,486	-	677,486
Care & Maintenance Fund (net) contributions received	1,221,493	-	1,221,493
Pre-Need Assurance Fund 100% - transfer to accumulated revenue payable	(213,308)	-	(213,308)
Interfund transfers	<u>(2,081,221)</u>	<u>2,081,221</u>	-
Balance, end of year	<u>\$ 62,988,929</u>	<u>\$ 169,728,850</u>	<u>\$ 232,717,779</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, 2019 and December 31, 2018 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.