The Canadian Catholic Organization for Development and Peace
Financial Statements
August 31, 2022

Contents

For the year ended August 31, 2022

To the Members of The Canadian Catholic Organization for Development and Peace:

Qualified Opinion

We have audited the financial statements of The Canadian Catholic Organization for Development and Peace (the "Organization"), which comprise the statement of financial position as at August 31, 2022, and the statements of operations, changes in net assets, cash flows and the related schedules 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 August 31, 2022, and its financial performance 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 charitable organizations, the Organization derives revenues from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. As such, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenues, excess of revenue over expenses, or cash flows from operations for the year ended August 31, 2022 and 2021, or to assets and nets assets as at August 31, 2022 and 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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 opinion.

Emphasis of Matter - Comparative Information

As part of our audit of the financial statements of the Organization for the year ended August 31, 2022, we also audited the adjustments described in Note 4 that were applied to restate the financial statements for the year ended August 30, 2021. In our opinion, such adjustments are appropriate and have been properly applied.

Other Matter

The financial statement for the year ended August 31, 2021 were audited by another auditor who expressed qualified opinion on those statements on December 16, 2021 for the reasons described in the Basis for Qualified opinion paragraph.

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.

Auditor's 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.

Montréal, Québec

MNP LLP [1]

February 3, 2023

[1] CPA auditor, public accountancy permit no. A129294

MNP S.E.N.C.R.L./s.r.l./LLP

The Canadian Catholic Organization for Development and Peace
Statement of Financial Position
As at August 31, 2022

	2022	*2021 (Restated - Note 4)*
Assets		
Current		
Cash	**4,502,524**	3,870,650
Investments *(Note 5)*	**20,375,886**	20,719,871
Accounts receivable *(Note 6)*	**1,330,043**	1,206,217
Prepaid expenses	**41,328**	76,543
Amounts paid in advance of projects	**-**	601,687
	26,249,781	26,474,968
Investments linked to Solidarity Fund	**9,604,390**	10,378,598
Capital assets *(Note 7)*	**37,490**	68,675
	35,891,661	36,922,241
Liabilities		
Current		
Accounts payable *(Note 8)*	**701,996**	842,656
Deferred contributions - Development programs *(Note 9)*	**8,766,779**	8,345,118
	9,468,775	9,187,774
Net Assets		
Invested in Capital Assets	**37,490**	68,675
Internally Restricted	**11,039,368**	6,975,252
Restricted for Endowment Purposes	**1,387,076**	1,446,462
Solidarity Fund	**9,604,390**	10,874,522
Unrestricted	**4,354,562**	8,369,556
	26,422,886	27,734,467
	35,891,661	36,922,241

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

The Canadian Catholic Organization for Development and Peace
Statement of Revenue and Expenses
For the year ended August 31, 2022

	2022	2021 (Restated - Note 4)
Revenues *(Schedule 1)*	**25,123,337**	20,094,402
International programs		
Development programs	**5,139,261**	2,197,435
Salaries and Benefits	**657,489**	517,980
Other Operating Costs	**10,752**	5,297
Emergency relief programs - Public donations	**2,286,056**	1,551,210
Emergency relief programs - Operational costs	**237,608**	277,294
Bilateral programs - IHA GAC	**10,132,110**	2,953,368
Temporary special fund programs	**-**	50,000
Alain Richemond Fund programs	**10,000**	55,000
Government of Québec - International programs	**661,003**	981,278
	19,134,279	8,588,862
Programs in Canada		
Salaries and social benefits	**1,338,077**	1,156,440
Regional office expenses	**105,486**	78,626
Interns - Youth Program	**-**	11,185
Other operational costs	**40,126**	53,302
Diocesan Council grants	**7,270**	2,000
Others	**-**	763
Research and advocacy expenses	**-**	750
Operational costs	**808,183**	611,868
Share Lent - Material and distribution	**28,076**	11,730
Fall campaign - Material and distribution	**6,239**	7,342
Operational costs	**320,005**	134,732
Major gilfts and planned giving	**26,054**	17,321
Direct mailing	**-**	58,351
Québec sans frontières	**-**	798
	2,679,516	2,145,208
Governance and General Operations		
National Council and executive committee meetings	**34,264**	24,959
National Council committees	**60,117**	11,211
Regional assemblies	**-**	4,100
Membership fees	**64,787**	35,230
CCCB Social Justice Fund	**135,000**	115,000
Other governance expenses	**63,060**	14,823
Salaries and social benefits	**1,056,344**	1,020,840
Operational costs	**468,753**	301,629
Amortization of capital assets	**37,952**	22,562
Structural expenses - Fixed costs	**759,213**	713,976
Special projects and new initiatives	**75,018**	61,110
	2,754,508	2,325,440
Total expenses	**24,568,303**	13,059,510
Excess of revenue over expenses before other items	**555,034**	7,034,892

Continued on next page

The accompanying notes are an integral part of these financial statements

The Canadian Catholic Organization for Development and Peace
Statement of Revenue and Expenses
For the year ended August 31, 2022

	2022	2021 (Restated - Note 4)
Other items		
Gain on disposal of investments	**572,517**	612,600
Change in unrealized gain on investments	**(2,379,746)**	1,505,865
	(1,807,229)	2,118,465
Excess (deficiency) of revenue over expenses	**(1,252,195)**	9,153,357

The accompanying notes are an integral part of these financial statements

For the year ended August 31	Internally Restricted: Restricted for the Orientation Assembly	Internally Restricted: Restricted for Reserve Fund	Internally Restricted: Alain Richemond Fund	Internally Restricted: Temporary Special Fund	Internally Restricted: International Commitments Fund (Note 11)	Total of Internally Restricted Funds	Invested in Capital Assets	Restricted for Endowment Purposes	Solidarity Fund	Unrestricted	Total
Balances as at September 1, 2020	**157,045**	**1,916,571**	**740,299**	**677,744**	**2,314,554**	**5,806,213**	**45,014**	**1,281,716**	**8,329,778**	**3,173,071**	**18,635,792**
Interfund transfers (Note 4)	100,000	583,429	-	-	-	683,429	-	-	1,700,000	(2,383,429)	**-**
Increase of international commitments (Note 4)	-	-	-	-	93,689	93,689	-	-	-	(93,689)	**-**
Excess of revenues over expenses (Note 4)	20,063		39,577	36,585	295,696	391,921	(22,562)	-	1,064,172	7,719,826	**9,153,357**
Solidarity Fund contributions (Note 4)	-	-	-	-	-	-	-	-	-	-	**-**
Investment income						-	-	163,746		-	**163,746**
Endowment contributions	-	-	-	-	-		-	1,000	-	-	**1,000**
Use for programs	-	-	-	-	-	-		-	(219,428)	-	**(219,428)**
Investment in capital assets	-	-	-	-	-	-	46,223	-	-	(46,223)	**-**
Adjustment of the Reserve Fund balance (Note 4)		244,852				244,852				(244,852)	**-**
Adjustment to allocate investment income to unrestricted (Note 4)									(495,924)	495,924	
Balances as at August 31, 2021 (Restated-Note 4)	**277,108**	**2,744,852**	**779,876**	**714,329**	**2,703,939**	**7,220,104**	**68,675**	**1,446,462**	**10,378,598**	**8,620,628**	**27,734,467**
Interfund transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**			**-**
Increase of international commitments (Note 14)	**-**	**-**	**-**	**-**	**4,352,595**	**4,352,595**	**-**	**-**		**(4,352,595)**	**-**
Excess of revenues over expenses	**(258,088)**	**(103,504)**	**(30,218)**	**(29,574)**	**(111,947)**	**(533,331)**	**(37,952)**	**-**	**(452,292)**	**(228,620)**	**(1,252,195)**
Solidarity Fund contributions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100,000**	**(100,000)**	**-**
Investment income						**-**		**(59,886)**			**(59,886)**
Endowment contributions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**500**	**-**	**-**	**500**
Interfund transfers to allocate investment income (Note 10)	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**(421,916)**	**421,916**	
Investment in capital assets	-	-	-	-	-	**-**	**6,767**	-	-	**(6,767)**	**-**
Balances as at August 31, 2022	**19,020**	**2,641,348**	**749,658**	**684,755**	**6,944,587**	**11,039,368**	**37,490**	**1,387,076**	**9,604,390**	**4,354,562**	**26,422,886**

The accompanying notes are an integral part of these financial statements

The Canadian Catholic Organization for Development and Peace
Statement of Cash Flows
For the year ended August 31, 2022

	2022	2021 (Restated - Note 4)
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**(1,252,195)**	9,153,357
Amortization of capital assets	**37,952**	22,562
Gain on disposal of investments	**(572,517)**	(612,600)
Change in unrealized gain on investments	**2,379,746**	(1,505,865)
Deferred contributions - Development programs	**14,064,560**	7,358,693
Use of Solidarity Fund for programs	**-**	(219,428)
	14,657,546	14,196,719
Changes in non-cash working capital accounts		
Accounts receivable	**(123,826)**	(127,540)
Amounts paid in advance on projects	**601,687**	(108,037)
Prepaid expenses and deposits	**35,215**	(21,422)
Accounts payable	**(140,660)**	(1,020,096)
Deferred contributions - Development programs	**(13,642,899)**	(5,813,953)
	1,387,063	7,105,671
Financing		
Endowment contributions (Net from a gain on disposal of investments of $27,847 and from a change in unrealized gain on investments of $115,750)	**28,517**	41,010
	28,517	41,010
Investing		
Purchase of capital assets	**(6,767)**	(46,223)
Net change in cash included in investments	**842,814**	(3,870,720)
Acquisition of investments	**(16,122,566)**	(12,290,763)
Proceeds from disposal of investments	**14,513,033**	8,424,989
	(773,486)	(7,782,717)
Net effect of translation on foreign currency cash resources	**(10,220)**	-
Increase (decrease) in cash resources	**631,874**	(636,036)
Cash, beginning of the year	**3,870,650**	4,506,686
Cash, end of year	**4,502,524**	3,870,650

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

The Canadian Catholic Organization for Development and Peace (the "Organization") was incorporated under the authority of Part II of the Canada Corporations Act as a charity organization and thus is exempt from income taxes under the Income Tax Act ("the Act").

The Organization's is a charity organization that contributes though its humanitarian actions to solving social problems throughout the world.

2. Change in accounting policy

Financial instruments

Financial instruments in a related party transaction, risk disclosures and other amendments

Effective September 1, 2021 (hereafter referred to as the "initial date of application"), the Organization adopted the Accounting Standards Board's revised recommendations for the measurement and disclosure of financial instruments in a related party transaction, as well as revisions to risk disclosures, in Section 3856 *Financial Instruments.* The revised standard provides additional guidance and requirements for the measurement of financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments").

Revised Section 3856 clarifies that an entity must provide relevant entity-specific information to enable users to evaluate the nature and extent of each type of risk arising from financial instruments. The amendments remove the requirement to separately disclose the risks arising from derivatives from the risks arising from other financial instruments.

Revised Section 3856 requires the following related party financial instruments to be initially measured at fair value:

- Investments in equity instruments quoted in an active market;
- Debt instruments quoted in an active market;
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly); and
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. If the election is not made, these instruments are subsequently measured at amortized cost. Subsequently investments in equity instruments quoted in an active market and derivatives instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are measured at fair value. All other financial instruments arising in a related party transaction are subsequently measured using the cost method.

Previously, the Organization initially measured related party financial instruments at either the carrying amount or exchange amount in accordance with Section 3840 *Related Party Transactions.* Subsequent to initial recognition, related party financial instruments were measured in accordance with extant Section 3856.

Transition

The Organization applied the changes in accounting policies resulting from the adoption of revised Section 3856 retrospectively and prior periods have been restated. Financial instruments exchanged in a related party transaction that do not exist at the date of initial application and were impaired or modified in the immediately preceding fiscal year have not been restated in accordance with Section 3856. In addition, the following transitional provisions were applied to related party financial instruments that exist at the date of initial application:

2. Change in accounting policy *(Continued from previous page)*

Transition (continued from previous page)

- The cost of a financial instrument that has repayment terms is determined using the undiscounted cash flows, excluding interest and dividend payments, of the instrument less any impairment, as at the beginning of the earliest comparative period presented in these financial statements;
- The cost of a financial instrument that does not have repayment terms is deemed to be the carrying amount of the instrument in the financial statements of the entity less any impairment, at the beginning of the earliest comparative period presented in these financial statements; and
- Fair value of a financial instrument that is an investment in debt or equity instruments that are quoted in active market; a debt instrument where inputs significant to the determination of fair value of the instrument are observable; or, a derivative contract, is determined at the beginning of the earliest comparative period presented in these financial statements.

The retrospective application of this change in accounting policy did not have a material impact on the results of operations and financial condition of the Organization.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Investment income is allocated to the funds for reporting purposes based on the weighting of each fund.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their faire value.

In subsequent periods, equities traded in an active market and derivatives, as well as investments in bonds that the Organization irrevocably designated to be measured at fair value, are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

3. Significant accounting policies *(Continued from previous page)*

Financial instruments *(continued from previous page)*

Financial instruments measured at amortized cost include cash, amounts receivable from Share Lent, advances and other receivables, accounts payable, salaries payable, severance pay related to workforce movement program and settlement of a nonrepayable loan.

Financial instruments measured at fair value include mutual funds units, investments in shares and bonds that are listed in an active market.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty or a breach in contract in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Years
Computer hardware	3 years
Equipment	5 years
Leasehold improvements	Term of lease

Government Assistance

Subsidies relating to salaries and rent paid during the "COVID-19" pandemic are recorded as other sources of revenues.

3. Significant accounting policies *(Continued from previous page)*

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting, and maintains 9 funds: Unrestricted Fund, Capital Asset Fund, Endowment Fund, Solidarity Fund, Orientation Assembly Fund, Reserve Fund, Alain Richemond Fund, Temporary Special Fund and International Commitments Fund.

The Unrestricted Fund reports the Organization’s revenues and expenses to finance development projects and administrative activities that are not directly related to other funds.

The Capital Asset Fund reports the Organization’s amortization of computer hardware, office equipment and leasehold improvements that are used by the Organization to fulfill its mission.

The Endowment Fund reports the Organization’s resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported in the fund itself. Gains and losses on disposals of investments are reflected in the Endowment Fund.

The Solidarity Fund, created in September 2016, is intended to finance, from the investment income earned on the cumulative capital, the development of projects in line with the four thematic axes and humanitarian assistance. Although similar to an endowment fund in its form and operation, a covenant in the agreement provides that capital can be used before expiry of the term if authorized by the parties. Revenues generated by the Solidarity Fund's capital are used the following year of their realization to fund the operations of the Organization, as well as to finance the regular programming and/or the humanitarian assistance projects, according to the will expressed by the contributors.

The Orientation Assembly Fund reports the Organization’s net assets aims to finance the Orientation Assembly, which occurs every five years. A transfer of $25,000 is made annually ($100,000 in 2022) from the unrestricted fund. Investment income generated from unused amounts increase the balance of the fund over the years.

The Reserve Fund reports the Organization’s unallocated reserve and represents the amount that would be required to cover a portion of the operations in case of termination of its activities.

The Alain Richemond Fund reports the Organization’s amounts received in connection with a major estate during fiscal year 2014. The amounts accumulated in this account are used exclusively to finance construction and school development training projects for underprivileged ethnic villages, more specifically in Asia.

The Temporary Special Fund reports the Organization’s amounts related with a major donation received by the Organization in the 2013 and 2014 fiscal years, as well as the related investment income. The cumulated amounts in this fund are mainly used to finance projects in the Middle East and initiatives internationally

The International Commitments Fund reports the Organization’s deferred contributions and internal restrictions related to the international development program, and of project reductions or cancellations to ensure that these amounts will be used for the international program in the future. Thus, the Fund allows to cover the commitments described above for the next five years.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions and investment income generated by these contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Contributions from Share Lent, fundraising activities and other donations that are not subject to restrictions are recognized as revenues when received or receivable by the Organization or its agents. Contributions subject to restrictions are recorded as deferred contributions, and they are recognized as revenue when used according to the restrictions imposed by the donors.

3. Significant accounting policies *(Continued from previous page)*

Revenue recognition (continued from previous page)

The Organization enters into contracts with the Canadian Government, more specifically with Global Affairs Canada (GAC) for the funding of projects in various countries, including the International Humanitarian Assistance (IHA). The portion of contributions relating to development programs is recognized as revenues to the extent that related expenses are incurred. The remaining portion of the contributions, related to the recovery of general expenses, management fees and procurement fees that are applicable to the Organization are recognized as revenues in accordance with the provisions of each contract.

Contributions received as endownments and investment income generated by these contributions are recognized as a direct increase if net assets received as endownments.

Investment transactions are recorded on a trade-date basis. Interest income is recognized based on the elapsed time. Dividend income is recognized when it is legally payable to the Organization. Revenues from mutual fund units are recorded at the time of distribution.

4. Correction of an error

During the year the Organization determined that the investment income of the Solidarity Fund has been recognized directly in the Statement of Changes in Net Assets instead of the Statement of Operations resulting in an increase in the Excess of revenues over expenses of $1,064,172 for the year ended August 31, 2021. In addition, a correction was also made to the presentation of the Statement of Changes in Net Assets and the allocation between funds. For 2021 the impact of this correction has resulted in an increase in investment income which includes interest income, gains on disposal of investments and unrealized gains on investments that were initially reported as a direct increase in net assets.

5. Investments

	2022	*2021*
Measured at fair value:		
Cash at broker and custodian	**6,368,967**	7,211,781
Bonds, 0.25% to 4.01%, maturing between 2022 and 2032 (cost $11,224,841; $9,583,851 in 2021)	**10,534,489**	9,604,216
Shares (cost $8,589,086; $8,623,635 in 2021)	**10,265,626**	11,195,781
Mutual funds units (cost $2,791,121; $2,142,378 in 2021)	**2,811,194**	3,086,691
Investments linked to Solidarity Fund	**(9,604,390)**	(10,378,598)
	20,375,886	20,719,871

6. Accounts receivable

	2022	*2021*
Share Lent	**1,243,454**	921,102
Wage and rent subsidies receivable	**-**	164,574
Sales taxes	**59,440**	82,933
Advances and other receivables	**27,149**	37,608
	1,330,043	1,206,217

7. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer hardware	**57,695**	**28,582**	**29,113**	47,731
Equipment	**28,525**	**27,561**	**964**	4,591
Leasehold improvements	**50,586**	**43,173**	**7,413**	16,353
	136,806	**99,316**	**37,490**	68,675

8. Accounts payable

	2022	2021
Accounts payable	**80,238**	219,835
Salaries, employee benefits and vacations payable	**618,524**	495,796
Accrued liabilities	**3,234**	127,025
	701,996	842,656

As at August 31, 2022 and 2021, government remittances amounted to $22,598 and $35,229 respectively.

9. Deferred contributions - Development Programs

Deferred contributions consist of unspent contributions externally restricted for development programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2022	2021
Balance, beginning of the year	**8,345,118**	6,800,378
Amount received during the year	**14,064,560**	7,358,693
Less: Amount recognized as revenue during the year	**(13,642,899)**	(5,813,953)
Balance, end of the year	**8,766,779**	8,345,118

10. Interfund transactions

During the year, the Organization transferred $421,916 from the Solidarity Fund to the Organization's Unrestricted Fund which represents the net income generated from the capital of the Solidarity Fund to be used to fund the operations of the Organization.

11. Share Lent - Previous Lent

Contributions from Share Lent are recognized as revenues when received by agents and they confirm the amount to the Organization. Contributions whose confirmations are received late are recognized in the Previous Lent section.

12. Employee future benefits

The pension plan for employees of the Organization is a defined contribution plan covering all salaried employees of the Organization who meet eligibility requirements as specified in the plan agreement. The Organization is required to contribute 5% of the employees' gross earnings. The Organization contributed an amount of $174,159 during the year ($168,098 in 2021). This contribution is recorded in the statement of revenues and expenses.

13. Income taxes

The Organization is registered as a charitable organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

14. Commitments

The Organization has entered into various lease agreements expiring between February 2023 and January 2026 for a total amount of $665,196 with estimated minimum annual payments as follows:

2023	616,322
2024	45,124
2025	3,000
2026	750
	665,196

The Organization has also made commitments to partners for international projects up to 2026. An amount of $25,829,512 is committed under protocol agreements as at August 31, 2022. Of this amount, the contribution of the Organization amounts to $6,944,587. The remaining balance of the commitments is supported by GAC, donations from the public, other special appeals as well as other donors. Should the Organization not obtain from the donors the required funding needed to carry out these projects, the Organization could withdraw from these commitments. As at August 31, 2022, the amount affected to international programs was increased by $4,240,648.

15. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of its Share Lent receivable because the Organization's share lent are directly related on the capacity of payment of the Dioceses and its investments according to their allocation.

Consequently, the Organization has introduced investment policy guidelines and restrictions on acceptable investments which minimize credit risk. The investment policy is reviewed on a regular basis by the Finance Audit committee.

The Organization has changed its exposure to credit risk compared to the previous year, in particular due to the increase in Share Lent receivable.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization has several project commitments for different programs that require operational liquidity requirements.

The risk is that the Organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Organization is exposed to this risk mainly in respect of its financial liabilities appearing on balance sheet.

The Organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Organization maintains a portion of its invested assets in liquid securities.

15. Financial instruments *(Continued from previous page)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to its fixed interest rate financial instruments.

The Organization mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

During the year, the Organization’s exposure to interest rate risk decreased by increasing investments in bonds.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization’s investments in publicly-traded securities and corporate bonds exposes the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

In accordance with the effective investment policy, management ensures that the Organization's assets are managed with a balance between risks and returns on investments. Portfolio managers are required to comply with this policy and must report back annually on the investments' management.

During the year, the Organization’s exposure to other price risk increased because the Organization increased its investments in quoted shares and mutual fund units which impact the volatility of the Organization’s investments.

Credit risk

The Organization is exposed to credit risk related to its investment in fixed income funds to the extent that the issuers may be unable to pay their obligations when due. Concentration of credit risk exists when a significant portion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. Management believes that the diversification strategy is adequate to protect the net assets of the Organization from significant credit risks.

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation. The prior year figures were prepared by another accountant.

The Canadian Catholic Organization for Development and Peace
Schedule 1 - Schedule of Revenues
For the year ended August 31, 2022

	2022	*2021*
Share Lent		
Dioceses and parishes	**1,595,415**	1,667,019
Monthly donations	**1,160,210**	1,213,762
Regional activities and other	**1,843,297**	2,189,600
Previous Lent	**991,972**	1,516,369
Government funding - Unrestricted		
Manitoba Council for International Cooperation (MCIC)	**32,160**	42,966
Fundraising activities		
Estates	**2,187,094**	2,083,293
Stock donations	**219,421**	73,131
Annuities and insurance premiums	**1,000**	1,703
Direct mailing	**1,178,632**	1,137,796
Unrestriced spontaneous donations	**954,376**	1,095,293
Major and corporate donations	**267,096**	349,880
Other donations	**129,904**	16,852
Other sources of revenues	**673,136**	2,502,806
Government contributions - Restricted	**13,889,624**	6,203,932
	25,123,337	20,094,402