

**The Canadian Catholic Organization
for Development and Peace
Financial Statements
For the year ended August 31, 2020**

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Independent Auditor's Report

**To the Members of the National Council 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 balance sheet as at August 31, 2020, the statements of revenues and expenses, 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* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2020, 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 not-for-profit organizations, the Organization derives revenues from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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, deficiency of revenues over expenses, and cash flows from operations for the years ended August 31, 2020 and 2019, current assets as at August 31, 2020 and 2019, and net assets as at September 1, 2018 and 2019, and August 31, 2019 and 2020. Our audit opinion on the financial statements for the year ended August 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 the 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 opinion.



Independent Auditor's Report

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements, which indicates that the Organization suffered a deficiency of revenues over expenses before other elements of \$2,792,046 during the year ended August 31, 2020 and that the cash used in operating activities totalled \$7,005,628 during that period. In addition, the Share Lent 2021 collection is uncertain due to the "COVID-19" pandemic. As indicated in Note 2, this situation indicates the existence of a material uncertainty which could cast significant doubt on the ability of the Organization to continue to operate. Our opinion is not changed on this point.

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.

Independent Auditor's Report

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.



Independent Auditor's Report

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.

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BDO Canada S.r.l. / S.E.N.C.R.L. / LLP

Montréal, Québec
November 27, 2020

The Canadian Catholic Organization for Development and Peace Balance Sheet

August 31	2020	2019
Assets		
Current		
Cash	\$ 4,506,686	\$ 3,136,298
Investments (Note 3)	12,938,647	20,762,648
Accounts receivable (Note 4)	1,078,677	897,557
Amount receivable from an estate (Note 5)	-	2,297,482
Prepaid expenses	55,121	117,277
Amounts paid in advance on projects	493,650	614,877
	19,072,781	27,826,139
Mutual funds linked to non-repayable loans	70,777	70,777
Investments linked to Solidarity Fund	8,110,350	7,110,350
Capital assets (Note 6)	45,014	78,038
	\$ 27,298,922	\$ 35,085,304
Liabilities and Net Assets		
Current		
Accounts payable (Note 7)	\$ 1,862,752	\$ 1,228,683
Deferred contribution - Estate (Note 5)	-	1,908,417
Deferred contributions - Development programs (Note 8)	6,800,378	13,825,739
	8,663,130	16,962,839
Non-repayable loans	-	6,799
	8,663,130	16,969,638
Net assets		
Invested in capital assets	45,014	78,038
Internally restricted	5,806,213	10,060,859
Restricted for endowment purposes	1,281,716	1,245,051
Solidarity Fund	8,329,778	7,262,665
Unrestricted	3,173,071	(530,947)
	18,635,792	18,115,666
	\$ 27,298,922	\$ 35,085,304

See Note 2 - Going Concern
See Note 14 - Subsequent Events

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 Changes in Net Assets

For the year ended August 31	Internally Restricted										Unrestricted	Total
	Restricted for the Orientation Assembly	Restricted for Reserve Fund	Alain Richmond Fund	Temporary Special Fund	International Commitments Fund (Note 12)	Total of Internally Restricted Funds	Invested in Capital Assets	Restricted for Endowment Purposes	Solidarity Fund	Unrestricted		
Balances as at September 1, 2018	\$ 101,262	\$ 2,500,000	\$ -	\$ 1,204,171	\$ 7,119,906	\$ 10,925,339	\$ 122,451	\$ 1,215,198	\$ 6,515,610	\$ (919,052)	\$ 17,859,546	
Internally restricted funds (Note 9)	25,000	-	-	-	-	25,000	-	-	-	(25,000)	-	
Reduction of international commitments (Note 12)	-	-	-	-	(644,997)	(644,997)	-	-	-	644,997	-	
Excess (deficiency) of revenues over expenses	2,367	-	-	(246,850)	-	(244,483)	(48,804)	-	-	(227,501)	(520,788)	
Endowment contributions	-	-	-	-	-	-	-	1,445	776,000	-	777,445	
Interest	-	-	-	-	-	-	-	28,408	152,315	-	180,723	
Use for programs	-	-	-	-	-	-	-	-	(181,260)	-	(181,260)	
Investment in capital assets	-	-	-	-	-	-	4,391	-	-	(4,391)	-	
Balances as at August 31, 2019	128,629	2,500,000	-	957,321	6,474,909	10,060,859	78,038	1,245,051	7,262,665	(530,947)	18,115,666	
Internally restricted funds (Note 9)	25,000	-	1,910,299	-	-	1,935,299	-	-	-	(1,935,299)	-	
Reduction of international commitments (Note 12)	-	-	-	-	(4,160,355)	(4,160,355)	-	-	-	4,160,355	-	
Excess (deficiency) of revenues over expenses	3,416	-	(170,000)	(279,577)	-	(446,161)	(35,197)	-	-	897,706	416,348	
Solidarity Fund contributions	-	-	(1,000,000)	-	-	(1,000,000)	-	-	1,000,000	-	-	
Interest	-	-	-	-	-	-	-	36,665	219,428	-	256,093	
Use for programs	-	-	-	-	-	-	-	-	(152,315)	-	(152,315)	
Investment in capital assets	-	-	-	-	-	-	2,173	-	-	(2,173)	-	
Workforce movement program	-	(583,429)	-	-	-	(583,429)	-	-	-	583,429	-	
Balances as at August 31, 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	

The accompanying notes are an integral part of these financial statements.

The Canadian Catholic Organization for Development and Peace Statement of Revenues and Expenses

For the year ended August 31	2020	2019
Revenues (Schedule A)	\$ 22,045,759	\$ 34,260,797
Expenses		
International programs (Schedule B)		
International development programs - Unrestricted	4,837,179	7,213,830
International development programs - Restricted	12,765,018	20,872,676
	<u>17,602,197</u>	<u>28,086,506</u>
Programs in Canada (Schedule C)		
Popular commitment program	2,061,886	2,144,404
Advocacy program	9,853	33,824
Communications program	1,206,916	1,027,690
Philanthropic development program	437,623	185,181
Québec sans frontières	109,058	180,671
	<u>3,825,336</u>	<u>3,571,770</u>
Governance and general operations (Schedule D)		
Governance	359,520	514,662
General management and administrative services	1,525,332	1,771,348
Other expenses	1,525,420	956,810
	<u>3,410,272</u>	<u>3,242,820</u>
	<u>24,837,805</u>	<u>34,901,096</u>
Deficiency of revenues over expenses before other elements	(2,792,046)	(640,299)
Other elements		
Gain on disposal of investments	934,931	434,280
Change in unrealized gain (loss) on investments	363,164	(314,769)
Settlement of a major estate	1,910,299	-
	<u>416,348</u>	<u>(520,788)</u>
Excess (deficiency) of revenues over expenses	\$ 416,348	\$ (520,788)

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	2020	2019
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 416,348	\$ (520,788)
Items not affecting cash:		
Amortization of capital assets	35,197	48,804
Gain on disposal of investments	(934,931)	(434,280)
Change in unrealized (gain) loss on investments	(363,164)	314,769
Use of Solidarity Fund for programs	(152,315)	(181,260)
	<u>(998,865)</u>	<u>(772,755)</u>
Changes in non-cash working capital:		
Accounts receivable	(181,120)	3,137,694
Amount receivable from an estate	2,297,482	(25,258)
Prepaid expenses	62,156	(79,079)
Amounts paid in advance on projects	121,227	29,929
Accounts payable	634,069	(42,270)
Deferred contribution - Estate	(1,908,417)	14,874
Deferred contributions - Development programs	(7,025,361)	(1,463,305)
Non-repayable loans	(6,799)	(34,131)
	<u>(7,005,628)</u>	<u>765,699</u>
Cash flows from investing activities		
Net change in cash included in investments	2,731,225	(1,787,957)
Acquisitions of investments	(12,843,048)	(20,402,427)
Proceeds from disposal of investments	18,233,919	19,499,867
Acquisition of capital assets	(2,173)	(4,391)
	<u>8,119,923</u>	<u>(2,694,908)</u>
Cash flows from financing activity		
Endowment contributions	256,093	958,168
Net increase (decrease) in cash and cash equivalents	1,370,388	(971,041)
Cash, beginning of the year	3,136,298	4,107,339
Cash, end of the year	\$ 4,506,686	\$ 3,136,298

The accompanying notes are an integral part of these financial statements.

The Canadian Catholic Organization for Development and Peace Notes to Financial Statements

August 31, 2020

1. Significant Accounting Policies

Nature and Purpose of the Organization	The Canadian Catholic Organization for Development and Peace, incorporated under Part II of the Canada Corporations Act, is a charity organization that contributes through its humanitarian actions to solving social problems throughout the world. On May 26, 2014, the Organization obtained its articles of continuance under Section 211 of the Canada Not-for-profit Corporations Act. The Organization is recognized as a registered charity under the Income Tax Act.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to estimates and assumptions include, but are not limited to, the impairment of financial assets measured at amortized cost. Actual results could differ from management's best estimates as additional information becomes available in the future.
Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>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.</p>

The Canadian Catholic Organization for Development and Peace

Notes to Financial Statements

August 31, 2020

1. Significant Accounting Policies (continued)

Financial Instruments (continued)

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.

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances.

Capital Assets

Capital assets are carried at cost and are amortized according to their useful life using the straight-line method over the following periods:

	Periods
Computer hardware	3 years
Office equipment	5 years
Leasehold improvements	Term of lease

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount could exceed the total undiscounted cash flows resulting from their use and eventual disposal. An impairment loss equal to the excess of the carrying amount over the fair value is recognized when it is determined that the carrying amount is not recoverable.

The Canadian Catholic Organization for Development and Peace Notes to Financial Statements

August 31, 2020

1. Significant Accounting Policies (continued)

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

**Description of Restricted
Net Assets and
Endowments** *Endowments*

The Organization has 10 endowment funds. Income from these funds is included in the fund itself and a percentage of the gains generated is used to finance development projects, when the amounts generated are significant enough to be used.

Solidarity of Development and Peace

Created in September 2016, the Solidarity of Development and Peace Fund is intended to finance, from the interest 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.

Restrictions

Capital assets

Net assets invested in capital assets include the amortized cost of computer hardware, office equipment and leasehold improvements that are used by the Organization to fulfill its mission.

Restricted for the Orientation Assembly

This allocation of net assets aims to finance the Orientation Assembly, which occurs every five years. A transfer of \$25,000 is made annually from the unrestricted fund. Interest revenues generated from unused amounts increase the balance of the fund over the years.

The Canadian Catholic Organization for Development and Peace Notes to Financial Statements

August 31, 2020

1. Significant Accounting Policies (continued)

Description of Restricted Net Assets and Endowments (continued)	Restricted for reserve fund
	This fund is the unallocated reserve of the Organization and represents the amount that would be required to cover a portion of the operations in case of termination of its activities.
	Temporary special fund
	This temporary fund includes 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.
	International commitments fund
	This fund is comprised of 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 three years.
	Alain Richemond Fund
	This fund includes amounts that the Organization received in connection with a major estate during fiscal year 2014, but which was recognized in net assets during the fiscal year ended August 31, 2020. An amount of \$1,000,000 has been allocated by the National Council to the Solidarity Fund. The other amounts accumulated in this account are used exclusively to finance construction and school development training projects for underprivileged ethnic villages, more specifically in Asia.
Contribution and Revenue Recognition	The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue during the year the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured.

The Canadian Catholic Organization for Development and Peace Notes to Financial Statements

August 31, 2020

1. Significant Accounting Policies (continued)

Contribution and Revenue Recognition (continued) 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.

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 endowments and interest generated by these contributions are recognized as a direct increase of net assets received as endowments.

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.

The Canadian Catholic Organization for Development and Peace Notes to Financial Statements

August 31, 2020

2. Going Concern

These financial statements are prepared on a going concern basis in accordance with Canadian accounting standards for not-for-profit organizations which assumes that the Organization will be able to obtain adequate financing as required and realize its assets and discharge its liabilities in the normal course of operations.

Several unfavorable conditions and facts raise doubts regarding the appropriateness of this basis. The Organization has suffered significant deficiency of revenues over expenses in the last four years. In addition, the COVID-19 pandemic forced the cancellation of the collection by dioceses across Canada and intended for the Organization, during Spring Lent 2020, representing a shortfall of approximately \$3,000,000. Consequently, the cash used in operating activities totalled \$7,005,628 during the year ended August 31, 2020. The Organization's ability to realize its assets and meet its liabilities depends on the outcome of future fundraising and the generosity of donors. The Organization has reduced the reserve funds in its net assets in order to compensate for the shortfall resulting from the pandemic.

In addition, being very conscientious of the situation and taking it seriously, the National Council adopted a plan of rationalization and reduction of expenses and have good hope to return to a surplus of revenues over expenses during the coming years. However, the current situation of the pandemic does not allow to know whether a collection could take place during Lent in Spring 2021. However, discussions with representatives of the Canadian Conference of Catholic Bishops are fruitful and have enabled a special collection to be held during fall 2020. Although more modest than the traditional spring collection, this campaign nevertheless makes it possible to envisage an almost completely virtual Lent for 2021.

The financial statements do not reflect the adjustments that may be necessary if the Organization would not be able to continue its activities.

3. Investments

	2020	2019
Measured at fair value		
Cash	\$ 3,341,061	\$ 6,072,232
Bonds, 1.50% to 3.49%, maturing between 2020 and 2030 (cost \$6,783,220; \$10,043,795 in 2019)	7,008,220	10,226,490
Shares (cost \$7,507,288; \$8,685,792 in 2019)	7,900,389	9,389,603
Mutual funds units (cost \$1,462,944; \$1,506,632 in 2019)	2,799,327	2,184,673
	21,048,997	27,872,998
Investments linked to Solidarity Fund	(8,110,350)	(7,110,350)
	\$ 12,938,647	\$ 20,762,648

**The Canadian Catholic Organization
for Development and Peace
Notes to Financial Statements**

August 31, 2020

4. Accounts Receivable

	2020	2019
Share Lent	\$ 463,567	\$ 793,082
Wage subsidies receivable	463,503	-
Sales taxes	104,945	62,832
Advances and other receivables	46,662	41,643
	\$ 1,078,677	\$ 897,557

5. Amounts Receivable From an Estate

The Organization has been designated as the liquidator of an estate whose moveable and immoveable property was sold for a total consideration of \$2,183,630. As at August 31, 2019, this amount, as well as the accumulated interest income amounting to \$113,852 are held in a trust account. The Organization collected the amount of \$2,297,482 during the year, net of cumulative expenses of \$387,183 incurred by the Organization and directly related to the estate. An amount of \$1,910,299 has been allocated to the Alain Richmond Fund.

6. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 1,032,974	\$ 1,027,200	\$ 1,030,800	\$ 1,011,443
Office equipment	594,956	582,084	594,956	572,658
Leasehold improvements	362,522	336,154	362,522	326,139
	1,990,452	1,945,438	1,988,278	1,910,240
		\$ 45,014		\$ 78,038

**The Canadian Catholic Organization
for Development and Peace
Notes to Financial Statements**

August 31, 2020

7. Accounts Payable

	<u>2020</u>	<u>2019</u>
Accounts payable	\$ 375,591	\$ 675,111
Salaries, employee benefits and vacations payable	694,521	521,180
Severance pay - Workforce movement program	583,429	-
Settlement of a non-repayable loan	201,020	-
Accrued liabilities	8,191	32,392
	<u>\$ 1,862,752</u>	<u>\$ 1,228,683</u>

As at August 31, 2020 and 2019, government remittances amounted to \$13,332 and \$16,365 respectively.

8. Deferred Contributions - Development Programs

	<u>2019 Total</u>	<u>Amounts Received</u>	<u>Recognized Revenues</u>	<u>2020 Total</u>
Government of Québec	\$ 162,925	\$ 570,119	\$ (367,901)	\$ 365,143
AHI Program GAC	4,800,705	2,900,000	(6,820,197)	880,508
Democratic Republic of Congo Program	1,313,318	1,072,337	(2,385,655)	-
Project - Catholic Women's League	15,000	-	(15,000)	-
Project - Canadian Foodgrains Bank	97,736	-	-	97,736
Québec sans frontières Emergency relief programs	92,888	125,743	(108,187)	110,444
Haïti Program	187,754	14,712	(32,788)	169,678
Syria Program	782,984	30,483	(485,524)	327,943
Philippines Program	329,493	195,241	(294,273)	230,461
Nepal Program	316,172	1,145	(317,317)	-
Africa Program	3,107,186	69,171	(1,098,261)	2,078,096
Bangladesh Program	630,644	19,736	(245,366)	405,014
Other special appeals	1,988,934	763,379	(616,958)	2,135,355
	<u>\$ 13,825,739</u>	<u>\$ 5,762,066</u>	<u>\$ (12,787,427)</u>	<u>\$ 6,800,378</u>

The Canadian Catholic Organization for Development and Peace Notes to Financial Statements

August 31, 2020

9. Internally Restricted Funds

During the year, the National Council of the Organization restricted amounts of \$25,000 for the orientation assembly fund, which was postponed due to the "COVID-19" pandemic and \$1,910,299 for the Alain Richemond Fund, from which an amount of \$1,000,000 was restricted to the Solidarity Fund. The Organization cannot use these restricted amounts for other purposes without prior consent of the National Council.

10. Share Lent - Previous Lent

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

11. Pension Plan

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 \$219,885 during the year (\$229,024 in 2019). This contribution is recorded in the statement of revenues and expenses.

12. Contractual Obligations

The Organization is committed under long-term leases expiring between March 2023 and August 2024 for a total amount of \$921,478. The minimum rental payments for the next four years are as follows:

2021	\$	304,679
2022		295,956
2023		281,583
2024		<u>39,260</u>
	\$	<u>921,478</u>

The Organization has also made commitments to partners for international projects up to 2022. An amount of \$5,409,393 is committed under protocol agreements as at August 31, 2020. Of this amount, the contribution of the Organization amounts to \$2,314,554. 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, 2020, the amount affected to international programs was reduced by \$4,160,355.

The Canadian Catholic Organization for Development and Peace

Notes to Financial Statements

August 31, 2020

13. Financial Instruments

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 resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its Share Lent receivable.

The Organization's investment policy provides guidelines and restrictions on acceptable investments which minimize credit risk. The investment policy is reviewed on a regular basis by the Finance and Audit committee.

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

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, 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.

The Organization has changed its exposure to liquidity risk compared to the previous year, due to the increase in severance payments related to the workforce movement program and the settlement of a non-repayable loan.

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 risk on its fixed interest rate financial instruments. Fixed-interest instruments subject the Organization to a fair value risk.

The Canadian Catholic Organization for Development and Peace Notes to Financial Statements

August 31, 2020

13. Financial Instruments (continued)

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

The Organization has changed its exposure to interest rate risk compared to the previous year by reducing 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 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 is exposed to other price risk through its investments in quoted shares and mutual fund units.

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.

There have not been any changes in the risk from the prior year.

14. Subsequent Events

During the year, the outbreak of a new strain of coronavirus, known as "COVID-19", prompted global emergency measures to combat the spread of the virus. These measures include the quarantine periods, which caused the disruption of business operations globally and, as a result, caused a downturn in the economy. The Organization received government assistance during the year to mitigate the economic impact of this pandemic on the Organization. The Organization's ability to realize its assets and meet its liabilities depends on the results of upcoming Share Lent fundraising and the generosity of donors. The duration and impact of the pandemic are unknown at this time and it is not possible to estimate with certainty its impact on the financial statements of the Organization for the coming periods.

Moreover, in September 2020, the Organization received an estate revenue of \$1,500,000.

**The Canadian Catholic Organization
for Development and Peace
Schedule A - Revenues**

For the year ended August 31	2020	2019
Share Lent		
Dioceses and parishes	\$ 865,123	\$ 3,147,322
Monthly donations	1,119,666	1,132,691
Regional activities and other	2,092,749	1,783,870
Previous Lent (Note 10)	716,637	1,602,528
	<u>4,794,175</u>	<u>7,666,411</u>
Government funding - Unrestricted		
Manitoba Council for International Cooperation (MCIC)	46,492	60,000
Fundraising activities		
Estates	843,544	1,557,917
Stock donations	108,058	211,195
Annuities and insurance premiums	1,000	1,703
Direct mailing	1,340,999	1,365,271
Unrestricted spontaneous donations	847,896	852,214
Major and corporate donations	285,739	203,414
Other donations	59,531	77,593
	<u>3,486,767</u>	<u>4,269,307</u>
Other sources of revenues		
Interest income - General	183,095	260,206
Use of Solidarity Fund for programs	152,315	181,260
Cofinancing	-	52,996
Canada Emergency Wage Subsidy	463,503	-
	<u>798,913</u>	<u>494,462</u>
Government contributions - Restricted		
Emergency relief - Public donations	3,090,487	3,234,725
Emergency relief - Interest income	141,986	171,660
Bilateral programs - IHA GAC	9,205,851	17,855,807
Government of Québec - International programs	372,901	325,239
Québec sans frontières	108,187	183,186
	<u>12,919,412</u>	<u>21,770,617</u>
	<u>\$ 22,045,759</u>	<u>\$ 34,260,797</u>

**The Canadian Catholic Organization
for Development and Peace
Schedule B - Expenses - International Programs**

For the year ended August 31	2020	2019
International development programs - Unrestricted		
Development programs	\$ 4,139,501	\$ 6,156,376
Emergency relief program - Front-line	-	111,300
Others	-	52,996
	<u>4,139,501</u>	<u>6,320,672</u>
Operational costs		
Salaries and social benefits	666,366	776,354
Other operational costs	31,312	116,804
	<u>697,678</u>	<u>893,158</u>
	<u>4,837,179</u>	<u>7,213,830</u>
International development programs - Restricted		
Emergency relief program - Public donations	2,470,679	2,691,585
Emergency relief program - Operational costs	535,606	513,519
Bilateral programs - IHA GAC	8,750,353	16,944,651
Temporary special fund programs	305,000	275,000
Alain Richemond Fund programs	170,000	-
Government of Québec - International programs	533,380	447,921
	<u>12,765,018</u>	<u>20,872,676</u>
	<u>\$ 17,602,197</u>	<u>\$ 28,086,506</u>

**The Canadian Catholic Organization
for Development and Peace
Schedule C - Expenses - Programs in Canada**

For the year ended August 31	2020	2019
Popular commitment program		
Salaries and social benefits	\$ 1,827,711	\$ 1,849,426
Regional office expenses	117,405	143,014
Interns - Youth Program	-	1,195
Other operational costs	70,477	111,420
Diocesan Council grants	40,010	31,209
Others	6,283	8,140
	<u>2,061,886</u>	<u>2,144,404</u>
Advocacy program		
Research and advocacy expenses	<u>9,853</u>	<u>33,824</u>
Communications program		
Operational costs	1,059,824	836,733
Share Lent - Material and distribution	123,808	122,454
Fall campaign - Material and distribution	23,284	68,503
	<u>1,206,916</u>	<u>1,027,690</u>
Philanthropic development program		
Operational costs	133,824	101,526
Major gifts and planned giving	34,943	13,666
Direct mailing	65,761	63,959
Settlement of a non-repayable loan	194,221	-
Others	8,874	6,030
	<u>437,623</u>	<u>185,181</u>
Québec sans frontières	<u>109,058</u>	<u>180,671</u>
	<u>\$ 3,825,336</u>	<u>\$ 3,571,770</u>

**The Canadian Catholic Organization
for Development and Peace
Schedule D - Expenses - Governance
and General Operations**

For the year ended August 31	2020	2019
Governance		
National Council and executive committee meetings	\$ 111,201	\$ 114,476
National Council committees	38,657	42,376
International development committee	1,870	3,277
Regional assemblies	28,397	88,004
Membership fees	60,000	107,654
CCCB Social Justice Fund	115,000	120,000
Other governance expenses	4,395	38,875
	<u>359,520</u>	<u>514,662</u>
General management and administrative services		
Salaries and social benefits	1,271,290	1,482,135
Operational costs	254,042	289,213
	<u>1,525,332</u>	<u>1,771,348</u>
Other expenses		
Amortization of capital assets	35,197	48,804
Workforce movement program	583,429	-
Structural expenses - Fixed costs	815,814	812,772
Special projects and new initiatives	90,980	95,234
	<u>1,525,420</u>	<u>956,810</u>
	<u>\$ 3,410,272</u>	<u>\$ 3,242,820</u>