The Canadian Catholic Organization of Development and Peace

Financial Statements

August 31, 2023

Contents

For the year ended August 31, 2023

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, 2023, and 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 section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2023, 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 and donations, 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 (deficiency) of revenue over expenses, or cash flows from operations for the year ended August 31, 2023 and 2022, or to assets and nets assets as at August 31, 2023 and 2022.

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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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

December 21, 2023

MNP SENCRL, srl [1]

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

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

The Canadian Catholic Organization of Development and Peace
Statement of Financial Position
As at August 31, 2023

	2023	2022
Assets		
Current		
Cash	**4,953,208**	4,502,524
Investments *(Note 3)*	**20,107,852**	18,988,810
Accounts receivable *(Note 4)*	**1,872,800**	1,330,043
Prepaid expenses	**123,525**	41,328
	27,057,385	24,862,705
Investments linked to Endowment Fund *(Note 3)*	**1,483,106**	1,387,076
Investments linked to Solidarity Fund *(Note 3)*	**9,915,453**	9,604,390
Capital assets *(Note 5)*	**25,128**	37,490
Intangible assets *(Note 6)*	**45,457**	-
	38,526,529	35,891,661
Liabilities		
Current		
Accounts payable *(Note 7)*	**686,321**	701,996
Amounts payable for development programs	**1,723,640**	-
	2,409,961	701,996
Deferred contributions - Development programs *(Note 8)*	**6,918,550**	8,766,779
	9,328,511	9,468,775
Net Assets		
Invested in Capital Assets	**25,128**	37,490
Internally Restricted	**8,140,133**	11,039,368
Restricted for Endowment Purposes	**1,483,106**	1,387,076
Solidarity Fund	**9,915,453**	9,604,390
Unrestricted	**9,634,198**	4,354,562
	29,198,018	26,422,886
	38,526,529	35,891,661

Approved on behalf of the Board

Danny Gillis

Director **Director**

The accompanying notes are an integral part of these financial statements

The Canadian Catholic Organization of Development and Peace
Statement of Revenues and Expenses
For the year ended August 31, 2023

	2023	*2022*
Revenues		
Share Lent	**5,182,092**	5,590,894
Fundraising activities	**3,540,420**	2,862,227
Estates	**2,016,761**	2,187,094
Other sources of revenues	**-**	159,081
Contributions - Restricted		
Emergency relief - Public donations	**2,571,425**	2,078,717
Bilateral Programs - IHA GAC	**7,770,978**	10,423,428
Government of Québec - International programs	**34,648**	784,260
Québec sans frontières	**262,903**	356,494
	21,379,227	24,442,195
International program expenses		
Development programs - Unrestricted	**2,927,974**	5,113,537
Development programs - Operational costs	**1,198,737**	972,825
Emergency relief programs	**2,107,153**	1,796,161
Bilateral programs - IHA GAC	**7,754,022**	10,127,267
Other government programs	**482,067**	1,186,582
Membership	**296,531**	234,654
	14,766,484	19,431,026
Programs in Canada expenses		
Public engagement	**1,619,598**	1,469,455
Communications and Campaigns	**697,282**	766,101
Philanthropic development	**657,543**	410,602
	2,974,423	2,646,158
Governance and General Operations expenses		
National Council and executive committee meetings	**167,812**	122,498
General management	**724,094**	730,664
Finances and Administration	**919,771**	840,792
Structural expenses - Fixed costs	**758,300**	759,213
Amortization of capital assets	**29,193**	37,952
Amortization of intangible assets	**5,051**	-
	2,604,221	2,491,119
Total expenses	**20,345,128**	24,568,303
Excess (deficiency) of revenue over expenses before other items	**1,034,099**	(126,108)
Other items		
Interest income	**871,849**	681,142
Gain on disposal of investments	**442,909**	572,517
Change in unrealized gain (loss) on investments	**330,245**	(2,379,746)
	1,645,003	(1,126,087)
Excess (deficiency) of revenue over expenses	**2,679,102**	(1,252,195)

The accompanying notes are an integral part of these financial statements

	Internally Restricted										
For the year ended August 31	**Restricted for the Orientation Assembly**	**Restricted for Reserve Fund**	**Alain Richemond Fund**	**Temporary Special Fund**	**International Commitments Fund (Note 13)**	**Total of Internally Restricted Funds**	**Invested in Capital Assets**	**Restricted for Endowment Purposes**	**Solidarity Fund**	**Unrestricted**	**Total**
Balances as at September 1, 2021	**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**
Internally restricted funds	-	-	-	-	-	-	-	-	-	-	-
Increase of international commitments	-	-	-	-	4,352,595	4,352,595	-	- -		(4,352,595)	-
Deficiency 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	-	-	-	-	-	-	-		(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**
Interfund transfers (Note 9)	60,000	-	-	(721,713)	-	(661,713)	-	-		661,713	-
Decrease of international commitments (Note 13)	-	-	-	-	(2,833,333)	(2,833,333)	-	-		2,833,333	-
Excess of revenues over expenses	1,026	142,562	40,461	36,958	374,804	595,811 -	29,193	-	523,777	1,588,707	2,679,102
Solidarity Fund contributions	-	-	-	-	-	-	-	-	200,000	(200,000)	-
Investment income						-		75,430			75,430
Endowment contributions	-	-	-	-	-	-	-	20,600	-	-	20,600
Interfund transfers to allocate investment income (Note 9)	-	-	-	-	-	-	-		(412,714)	412,714	
Investment in capital assets	-	-	-	-	-	-	16,831	-	-	(16,831)	-
Balances as at August 31, 2023	**80,046**	**2,783,910**	**790,119**	**-**	**4,486,058**	**8,140,133**	**25,128**	**1,483,106**	**9,915,453**	**9,634,198**	**29,198,018**

The accompanying notes are an integral part of these financial statements

The Canadian Catholic Organization of Development and Peace
Statement of Cash Flows
For the year ended August 31, 2023

	2023	*2022*
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**2,679,102**	(1,252,195)
Amortization of capital assets	**29,193**	37,952
Amortization of intangible assets	**5,051**	-
Gain on disposal of investments	**(442,909)**	(572,517)
Change in unrealized gain (loss) on investments	**(330,245)**	2,379,746
Unrealised foreign currency gain on investments	**(25,578)**	(10,220)
Deferred contributions - Development programs recognized as revenue	**(10,639,954)**	(13,642,899)
	(8,725,340)	(13,060,133)
Changes in non-cash working capital accounts		
Accounts receivable	**(542,757)**	(123,826)
Amounts paid in advance on projects	**-**	601,687
Prepaid expenses and deposits	**(82,197)**	35,215
Accounts payable	**(15,675)**	(140,660)
Amounts payable for development programs	**1,723,640**	-
	(7,642,329)	(12,687,717)
Financing		
Deferred contributions - Development programs received	**8,791,725**	14,064,560
Endowment contributions (Net from a gain on disposal of investments of $21,451 and from a change in unrealized gain on investments of $15,994)	**58,585**	28,517
	8,850,310	14,093,077
Investing		
Purchase of capital assets	**(16,831)**	(6,767)
Net change in cash included in investments	**926,402**	842,814
Purchase of intangible assets	**(50,508)**	-
Acquisition of investments	**(14,567,278)**	(16,122,566)
Proceeds from disposal of investments	**12,950,918**	14,513,033
	(757,297)	(773,486)
Increase in cash resources	**450,684**	631,874
Cash, beginning of the year	**4,502,524**	3,870,650
Cash, end of year	**4,953,208**	4,502,524

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. 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.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative 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, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization’s performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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

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; there are numerous assets affected by the same factors or asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments 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 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 of revenue over expenses in the year the reversal occurs.

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

Intangible asset

Specified intangible assets are recognized and reported apart from goodwill.

An intangible asset recognized separately from goodwill and subject to amortization is recorded at cost. Contributed intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at a rate intended to amortize the cost of intangible asset over its estimated useful life.

	Method	***Rate***
Softwares	straight-line	5 years

When an intangible asset no longer contributes to the Organization’s ability to provide goods or services, or the value of future economic benefits or service potential associated with the intangible asset is less than its net carrying amount, its carrying amount is written down to fair value.

2. 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 ($60,000 in 2023) 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.

2. Significant accounting policies *(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 endowments and investment income generated by these contributions are recognized as a direct increase if 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.

Government contributions

The Organization recognizes government subsidies when there is a reasonable assurance that the Organization will comply with the conditions of the subsidy and the subsidy will be received. The Organization recognizes government subsidies in the statement of revenues and expenses. Restricted government contributions are recognized in the same period as the expenses for which the subsidy is intended to compensate. Unrestriced government funding are recognized as revenue when received.

3. Investments

	2023	*2022*
Measured at fair value:		
Cash at broker and custodian	**5,442,565**	6,368,967
Bonds, 0.5% to 5.35%, maturing between 2024 and 2032 (cost $11,997,578; $11,224,841 in 2022)	**11,576,690**	10,534,489
Shares (cost $9,674,201; $8,589,086 in 2022)	**11,175,790**	10,265,626
Mutual funds units (cost $2,933,385; $2,791,121 in 2022)	**3,311,366**	2,811,194
Investments linked to Endowment Fund	**(1,483,106)**	(1,387,076)
Investments linked to Solidarity Fund	**(9,915,453)**	(9,604,390)
	20,107,852	18,988,810

4. Accounts receivable

	2023	*2022*
Share lent	**1,722,482**	1,243,454
Sales taxes	**134,618**	59,440
Advances and other receivables	**15,700**	27,149
	1,872,800	1,330,043

5. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer hardware	**73,955**	**49,500**	**24,455**	29,113
Equipment	**28,525**	**28,423**	**102**	964
Leasehold improvements	**571**	**-**	**571**	7,413
	103,051	**77,923**	**25,128**	37,490

6. Intangible assets

	2023	2022
Softwares	**45,457**	-

Amortization of $5,051 (2022 – NIL), related to softwares, is included in current year excess (deficiency) of revenue over expenses.

7. Accounts payable

	2023	2022
Accounts payable	**111,205**	80,238
Salaries, employee benefits and vacations payable	**571,342**	618,524
Accrued liabilities	**3,774**	3,234
	686,321	701,996

As at August 31, 2023 and 2022, government remittances amounted to $27,620 and $22,598 respectively.

8. 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:

	2023	2022
Balance, beginning of the year	**8,766,779**	8,345,118
Amount received during the year	**8,791,725**	14,064,560
Less: Amount recognized as revenue during the year *(Schedule 1)*	**(10,639,954)**	(13,642,899)
Balance, end of the year	**6,918,550**	8,766,779

9. Interfund transactions

During the year, the Organization transferred $412,714 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, liquidated the Temporary Special Fund with a balance of $721,713 which was transferred to the Unrestricted Fund and allocated $60,000 to the restricted fund to the Orientation Assembly.

10. Share 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 as revenue as dioceses and parishes (Schedule 1). At year end, the Organization confirmed a total of $1,722,482 ($1,243,454 in 2022) in share lent receivable (note 4).

11. 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 $183,583 during the year ($174,159 in 2022). This contribution is recorded in the statement of revenues and expenses.

12. 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.

February 2013

13. Commitments

The Organization has entered into various lease agreements expiring between January 2024 and September 2033 for a total amount of $4,029,022 with estimated minimum annual payments as follows:

2024	346,458
2025	376,672
2026	373,924
2027	373,021
2028	387,185
Thereafter	2,171,762
	4,029,022

The Organization has also made commitments to partners for international projects up to 2026. An amount of $8,500,000 is committed under protocol agreements as at August 31, 2023. Of this amount, the contribution of the Organization amounts to $5,740,000 of which $5,200,000 is payable in the next fiscal year. 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, 2023, the amount affected to international programs was decreased by $2,833,333.

14. 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.

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.

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

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.

15. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.