

**THE ROMAN CATHOLIC ARCHBISHOP
OF VANCOUVER – CHANCERY DIVISION**

**Financial Statements
December 31, 2014**

<u>Index</u>	<u>Page</u>
Independent Auditors' Report	1 – 2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Unrestricted Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 16
Schedule 1 – Net Assets Internally Restricted for Specific Programs	17
Schedule 2 – Net Assets Externally Restricted	18
Schedule 3 – Archdiocesan Curia Operating Expenses	18
Schedule 4 – Archdiocesan Curia Grants	19
Schedule 5 – Property Acquisitions/Dispositions and Secondary School Construction	19

INDEPENDENT AUDITORS' REPORT

TO THE MOST REVEREND J. MICHAEL MILLER, CSB ARCHBISHOP OF VANCOUVER

We have audited the accompanying financial statements of the Chancery Division of The Roman Catholic Archbishop of Vancouver, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in unrestricted net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Chancery Division derives revenue from donations and other unreceiptable activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Chancery Division operations and we were unable to determine whether any adjustments might be necessary to revenues, current assets and net assets.

As explained in notes 2(c), 5(a) and (b), properties are not capitalized and amortized and sales from properties sold are not recognized when received in accordance with Canadian accounting standards for not-for-profit organizations. It is not practicable to quantify the financial effects.

Qualified Opinion

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the Chancery Division of The Roman Catholic Archbishop of Vancouver as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
June 5, 2015

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Statement of Financial Position
December 31

	2014	2013
Assets		
Current		
Cash	\$ 4,889,286	\$ 2,561,914
Amounts receivable	3,198,208	1,949,060
Current portion of loans receivable from parishes (note 3)	257,230	262,030
Current portion of loans receivable from Notre Dame (note 3)	5,100,000	0
	13,444,724	4,773,004
Investments (notes 4(a) and (b))		
Restricted	72,325,527	87,243,227
Pledged collateral (note 8)	26,591,159	29,036,159
	98,916,686	116,279,386
Loans Receivable (note 3)	5,229,983	5,370,617
Mortgage Receivable (note 5(a))	135,000	135,000
Investment in Land (note 5(a))	357,000	357,000
	5,721,983	5,862,617
	\$ 118,083,393	\$ 126,915,007
Liabilities		
Current		
Accounts payable and accrued liabilities (note 15)	\$ 1,829,789	\$ 2,103,630
Collections payable	1,552,788	1,570,146
Parish Project Advance rebates payable (note 13)	1,006,719	1,166,053
Loans payable (note 14)	26,851,648	6,448,467
	31,240,944	11,288,296
Deposits from Parishes and Agencies (note 4)	64,091,809	79,572,078
Deferred Revenue (notes 2(c) and 5(a))	357,000	357,000
	95,689,753	91,217,374
Net Assets		
Unrestricted	(6,633,200)	7,201,689
Internally Restricted for Specific Programs (schedule 1)	20,803,122	20,824,795
Externally Restricted (schedule 2)	8,223,718	7,671,149
	22,393,640	35,697,633
	\$ 118,083,393	\$ 126,915,007

Commitments and Contingencies (notes 9 and 15)

Approved by the Roman Catholic Archbishop of Vancouver:

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THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Statement of Operations
Year Ended December 31

	2014	2013
Revenues		
Diocesan assessments	\$ 3,812,651	\$ 3,761,042
Project Advance	950,000	925,000
	4,762,651	4,686,042
Expenditures		
Archdiocesan Curia operating expenses (schedule 3)	5,315,509	4,990,372
Archdiocesan Curia grants (schedule 4)	565,642	812,108
	5,881,151	5,802,480
Deficiency Before Other Items	(1,118,500)	(1,116,438)
Other Expenditures		
Clergy care	251,392	263,645
Consulting and audit	71,502	69,248
Legal costs	47,204	54,782
Seismic study	8,763	177,847
	(378,861)	(565,522)
Other Revenues		
Legacies, bequests and donations (note 6)	840,940	494,710
Investment gain, net	110,049	261,245
Unrealized capital gain	47,898	97,109
	998,887	853,064
Reallocation of donation receipts (note 12)	(828,644)	(433,693)
	170,243	419,371
Deficiency Before Property Transactions	(1,327,118)	(1,262,589)
Property Transactions (note 5(b))		
Expenditures		
Net property transactions and secondary school construction costs (schedule 5)	(13,671,833)	(11,667,165)
General property carrying costs, net (note 5)	(85,049)	(118,389)
Site investigation	0	(282,281)
	(13,756,882)	(12,067,835)
Deficiency of Revenues over Expenditures	(15,084,000)	(13,330,424)
Unrestricted Net Assets, Beginning of Year	7,201,689	19,367,827
Transfer from Internally Restricted Funds to Fund Current Year Operations	1,249,111	1,164,286
Unrestricted Net Assets, End of Year	\$ (6,633,200)	\$ 7,201,689

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION**

**Statement of Changes in Unrestricted Net Assets
Year Ended December 31**

	2014			2013	
	Unrestricted	Sites Fund (schedule 5)	Secondary School Construction Fund (schedule 5)	Total	Total
Balance, Beginning of Year	\$ 27,720,293	\$ (13,841,556)	\$ (6,677,048)	\$ 7,201,689	\$ 19,367,827
Excess (Deficiency) of Revenues over Expenditures	(1,412,167)	(15,071,833)	1,400,000	(15,084,000)	(13,330,424)
Transfers from Internally Restricted Funds (schedule 1)	1,249,111	0	0	1,249,111	1,164,286
Balance, End of Year	\$ 27,557,237	\$ (28,913,389)	\$ (5,277,048)	\$ (6,633,200)	\$ 7,201,689

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Statement of Cash Flows
Year Ended December 31

	2014	2013
Operating Activities		
Deficiency of revenues over expenditures	\$ (15,084,000)	\$ (13,330,424)
Item not involving cash		
Unrealized gain on investments	(1,062,154)	(1,174,410)
	(16,146,154)	(14,504,834)
Changes in non-cash working capital		
Amounts receivable	(1,249,148)	125,885
Loans receivable – current	(5,095,200)	(4,186)
Loans receivable – long-term	140,634	(534,366)
Interest accrued on investments	(883,212)	(1,302,411)
Accounts payable	(273,841)	1,365,273
Collections payable	(17,358)	64,877
Parish Project Advance rebates payable	(159,334)	208,188
Deposits from parishes and agencies	(177,088)	2,204,362
Internally restricted, net (schedule 1)	1,227,438	1,439,543
Externally restricted, net (schedule 2)	552,569	955,611
	(5,934,540)	4,522,776
Cash Used in Operating Activities	(22,080,694)	(9,982,058)
Investing Activities		
Interest received on investments	2,710,886	2,359,573
Investments purchased	(77,511,670)	(76,092,365)
Investments redeemed	94,108,850	84,203,410
Cash Provided by Investing Activities	19,308,066	10,470,618
Financing Activity		
Funds from loan payable	5,100,000	0
Inflow of Cash	2,327,372	488,560
Cash, Beginning of Year	2,561,914	2,073,354
Cash, End of Year	\$ 4,889,286	\$ 2,561,914

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER CHANCERY DIVISION

Notes to Financial Statements
Year Ended December 31, 2014

1. NATURE OF OPERATIONS

The Roman Catholic Archbishop of Vancouver, a Corporate Sole, was incorporated by a special act of the BC Legislature on March 12, 1909 and amended on December 9, 1938 (the "Archdiocese"). The Archdiocese of Vancouver operates in the geographical area known as the Lower Mainland.

The Corporate Sole is a civil law statute for the holding and administering of real and personal property pertaining to the Archdiocese, including its parishes, and in accordance with its fiduciary obligations arising out of Canon Law.

The Archdiocesan accounts are maintained at the Chancery Office. This office directs all the non-parish administrative activities of the Archdiocese under the guidance and direction of the Archbishop of Vancouver. The Chancery Division is one such operation.

The Archdiocese is registered as a charitable organization under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes and issues charitable donation receipts for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Archdiocese were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

(a) Basis of presentation

The statement of financial position and statement of operations reflect only the Chancery Division activities of The Roman Catholic Archbishop of Vancouver, the Corporate Sole. These financial statements exclude the divisional accounts and activities of the following:

- The Catholic Independent Schools of the Vancouver Archdiocese
- Gardens of Gethsemani – the Archdiocesan cemetery operations
- Saint Joseph's Society
- Archdiocesan services and societies that receive pastoral grants. These include:
 - B.C. Catholic Newspaper
 - Catholic Family Services
 - Catholic Charities
 - Rosemary Heights Retreat Centre.

These financial statements do not consolidate the accounts of the 78 parishes within the Archdiocese (see note 13), which are related by the common control of the Roman Catholic Archbishop of Vancouver.

(b) Revenue recognition

The Chancery Division follows the restricted method of accounting for contributions. Restricted contributions are recognized as revenue in the year the contribution is received. 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.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION**

**Notes to Financial Statements
Year Ended December 31, 2014**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue recognition (Continued)

Diocesan assessments are comprised of parish assessments and assessment on the normal operations of the Catholic Cemeteries of the Archdiocese of Vancouver (the "Catholic Cemeteries"). Parish assessments are based on 13.8% (2013 - 13.8%) of the parishes' reported income of normal Sunday collections from the previous year. The assessment to normal operations of the Catholic Cemeteries are based on 10% (2013 - 10%) of gross revenues from the previous year.

These financial statements do not report as revenue funds collected on behalf of parishes that are subsequently disbursed to various intended recipients for which the collections are made.

(c) Properties

Properties, furniture and equipment are not capitalized or amortized in accordance with ASNPO. All expenditures for purchases and carrying costs of property assets less any rentals or sale proceeds are charged to operations as current year costs, except for financed acquisitions.

The amounts not capitalized and the amounts charged to operations as amortization to date are detailed in note 5(a). Current year amortization has not been included in these financial statements as it has been determined that it is not practical to calculate the amount.

The Archdiocese holds an equitable interest in land resulting from a sale in a previous year. Certain of the proceeds from the sale of land have not been recognized in accordance with ASNPO. The amounts receivable relating to the equitable interest in land have been deferred and will be recognized when they are received as detailed in note 5(a).

In addition, properties have not been presented in accordance with ASNPO, as they have not been separated between land and building.

(d) Interest income

Interest income on all investments is recorded on an accrual basis. Accrued interest is included in the cost of the investments.

Interest is credited to the Specific Programs funds twice a year and recognized as revenue.

Interest income earned on behalf of the parishes' investments are paid out twice a year and netted against interest income.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Notes to Financial Statements
Year Ended December 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments

The Archdiocese initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Archdiocese subsequently measures all its financial assets and financial liabilities at amortized cost, except for any investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in deficiency of revenues over expenditures.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down would be recognized in deficiency of revenues over expenditures. In the event a previously recognized impairment loss should be reversed, the amount of the reversal is recognized in deficiency of revenues over expenditures provided it is not greater than the original amount prior to write-down.

For any financial instrument that is measured at amortized cost, the instrument's cost is adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption. These transaction costs are amortized into income on a straight-line basis over the term of the instrument. All other transaction costs are recognized in deficiency of revenues over expenditures in the period incurred.

(f) Use of estimates

The preparation of the Chancery Division's financial statements in conformity with ASNPO may require 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 expenditures during the reporting period. Significant areas requiring the use of estimates relate to the accrual of receivables and payables, and the collectability of loans receivable and mortgage receivable. Management believes these estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(g) Foreign currency translation

Foreign currency transactions and balances are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities at the rate of exchange in effect as at the statement of financial position date; and
- (ii) Revenues and expenditures at the rate of exchange on the transaction date.

Gains and losses arising from the translation of foreign currency are recorded in the statement of operations for the year.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION**

Notes to Financial Statements
Year Ended December 31, 2014

3. LOANS RECEIVABLE

	2014	2013
Loans receivable – parishes	\$ 9,622,300	\$ 4,693,105
Less: current portion from parishes	257,230	262,030
Less: current portion from Notre Dame	5,100,000	0
	4,265,070	4,431,075
Loans receivable – other	964,913	939,542
	\$ 5,229,983	\$ 5,370,617

Loans receivable from parishes bear interest at the bank prime rate up to 4%, with no fixed repayment terms. Parish loans for Notre Dame Regional Secondary School are interest-free for the first ten years under the Parish Deposit Loan program.

The current portion from parishes is based on the expected repayment over the next year and bears interest at the parish deposit rates of 3.92% and 2.00% (2013 - 3.94% and 3.00%).

The current portion from Notre Dame Regional Secondary School bears interest at the bank prime rate, with expected repayment by May 31, 2015. As at June 5, 2015, repayment of the amount has not been made.

Other loans receivable from agencies are either non-interest-bearing or bear interest up to the bank prime rate with no fixed repayment terms.

4. INVESTMENTS

Unrestricted

These investments are for the general operations of the Archdiocese.

Restricted

These investments have been set aside to fully collateralize the deposits received from parishes and agencies and net assets that are externally restricted.

(a) Investments are classified as follows:

	2014	2013
Held for trading, at fair value		
Restricted	\$ 21,691,484	\$ 13,286,952
Held to maturity, at amortized cost		
Restricted (market value 2014 - \$50,410,701; 2013 - \$74,357,615)	50,634,043	73,956,275
Pledged collateral (market value 2014 - \$26,591,159; 2013 - \$29,036,159)	26,591,159	29,036,159
	\$ 98,916,686	\$ 116,279,386

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Notes to Financial Statements
Year Ended December 31, 2014

4. INVESTMENTS (Continued)

(b) Investments are represented as follows:

	2014	2013
Accrued interest	\$ 664,964	\$ 2,620,494
Held for trading, at fair value		
Mutual funds	8,227,646	10,152,870
Common shares	13,231,781	2,739,342
Foreign securities	232,056	394,740
	21,691,483	13,286,952
Held to maturity, at amortized cost		
Guaranteed investment certificates	35,284,981	50,450,299
Fixed income investments	41,275,258	47,405,183
Government and government-backed securities and bankers acceptance notes	0	2,516,458
	76,560,239	100,371,940
	\$ 98,916,686	\$ 116,279,386

Government and government-backed securities and bankers acceptance notes bear fixed interest yields ranging from 1.99% to 5.10% (2013 - 1.35% to 5.22%).

Included in fixed income investments are a banker's collateral account bearing interest at the bank prime rate (2013 - bank prime rate).

Guaranteed investment certificates bear interest at rates ranging from 1.40% to 2.38% (2013 - 1.20% to 2.05%).

5. PROPERTIES

(a) This represents the net cost of properties (land and improvements), which are presently owned and are being held for future sites, both parishes and schools, or other needs of the Archdiocese.

	2014		2013	
	Cost	Accumulated Amortization	Net	Net
Properties held for parishes/schools future use	\$ 59,144,222	\$ 59,144,222	\$ 0	\$ 0

Other net costs capitalized to properties have been charged to operations in general property carrying costs.

Certain properties have been recorded at a nominal value of \$1.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Notes to Financial Statements
Year Ended December 31, 2014

5. PROPERTIES (Continued)

(a) (Continued)

The Archdiocese holds an equitable interest in land resulting from the sale of a property (Catholic Pacific College) for \$742,000 consisting of:

- (i) \$250,000 in cash proceeds received during 2011;
 - (ii) \$135,000 in mortgage receivable, repayable over ten years without stated terms of repayment or interest, secured against the title of the property; and
 - (iii) \$357,000 equitable interest on the land. This equitable interest will be determined at the time of subsequent disposition by the purchaser based on the appraised fair market value, as determined by an independent accredited appraiser, on the property less the selling price at that time. In addition, the Archdiocese will reserve the right of first refusal to purchase the property back at the fair market value less the Archdiocese's equitable interest in the property. The purchaser may, at any time, pay out the Archdiocese's equitable interest.
- (b) On November 24, 2011, the Archdiocese entered into a Purchase and Sale Agreement (the "Agreement") for the sale of certain land and building. Under the terms of the Agreement, the Archdiocese will receive proceeds of \$21,500,000 in three tranches, as follows:
- (i) \$3,000,000 within 48 hours of written notice confirming that the Archdiocese has received approval from the Holy See. The written notice and these proceeds were received in 2012;
 - (ii) \$2,000,000 within six months following the execution of the Agreement. These proceeds were received in 2012; and
 - (iii) \$16,500,000 by March 31, 2015. These proceeds were received subsequent to year-end.

6. LEGACIES, BEQUESTS AND DONATIONS

All legacies, bequests and donations are included as revenue when received. Those gifts that have designated terms and conditions are set aside for those designated purposes and transferred to the externally restricted fund or internally restricted specific program fund.

7. CONTINGENT ASSETS

The Archdiocese has been designated owner/beneficiary of one unfunded term life insurance policy. The proceeds will be receivable on the death of the insured.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Notes to Financial Statements
Year Ended December 31, 2014

8. GUARANTEES

The Archdiocese is the guarantor to its bankers for:

	2014	2013
Parish bank loans	\$ 26,590,938	\$ 29,035,679
Letters of credit issued	2,697,122	1,248,498
	29,288,060	30,284,177
Pledged collateral security	(26,591,159)	(29,036,159)
	\$ 2,696,901	\$ 1,248,018

As per the Archdiocese's agreement with a certain bank, the parish bank loans cannot exceed \$40 million at any point during the year.

Pledged collateral security consists of cash held by the Archdiocese at two major Canadian financial institutions.

9. COMMITMENTS

The Archdiocese is committed to funding the operations and theological education of St. Mark's College and Corpus Christi College, aggregating \$700,000 expiring in 2016. Commitments in each of the next two years are as follows:

2015	\$ 400,000
2016	300,000
	\$ 700,000

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Archdiocese manages its investments in accordance with defined guidelines as to acceptable debt instruments and acceptable terms and conditions. Management is responsible for monitoring performance and recommending changes. The College of Consultors and Archdiocesan Finance Council are responsible for the governance and strategic direction of the investment portfolio.

(a) Fair value

The carrying values of cash, amounts receivable, loans receivable, accounts payable, collections payable, Parish Project Advance rebates payable, loans payable, and deposits from parishes and agencies approximate their fair values due to the short-term maturity of these financial instruments.

The fair value of investments is as disclosed in note 4 to the financial statements.

**THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION**

**Notes to Financial Statements
Year Ended December 31, 2014**

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Archdiocese will encounter difficulty in meeting obligations associated with financial liabilities. The Archdiocese is exposed to liquidity risk with regards to accounts payable and accrued liabilities, collections payable, parish project advance rebates payable and loans payable.

(c) Market risk

The Archdiocese is exposed to market risk, which is the risk the fair value of its fixed income investments will fluctuate in the future due to price changes. All investments are exposed to economic changes and other fluctuations in domestic markets as well as risks specific to issuers that may affect the market value of their securities.

(d) Credit risk

Credit risk related to financial instruments arises from the possibility the counterparty to an instrument may fail to discharge its obligation to the Archdiocese. The Archdiocese's investments are subject to credit risk and the maximum exposure to credit risk on these instruments is their carrying value. The Archdiocese manages this risk by establishing rules to ensure that the credit rating from a recognized credit ratings agency do not fall below a threshold acceptable and approved by the Archdiocese. The Archdiocese does not anticipate that any counterparties will fail to meet their obligations.

(e) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Archdiocese investment portfolio is exposed to interest rate risk through its fixed income instruments. Investments are made with different maturity terms ranging from 30 days to 10 years to level out the changes of the market rates. The effective interest rates for 2014 were 3.92% and 2.00% (2013 - 3.00% and 3.94%).

(f) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As at December 31, 2014, the Archdiocese holds US cash of \$226,449 (2013 - \$nil) and US investments of \$4,972,028 (2013 - \$394,740) at their Canadian dollar equivalent.

(g) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to 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 Archdiocese is subject to other price risk through its public market investments.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Notes to Financial Statements
Year Ended December 31, 2014

11. PENSION PLAN

The Archdiocese of Vancouver contributes to a defined contribution pension plan on behalf of its current employees, excluding clergy. This plan is available to all permanent and permanent part-time employees immediately upon hiring.

The Archdiocese matches employee contributions. The employee has an option of selecting a 3% or 7% contribution of their salary. Employees are entitled to full vesting of their employee and employer contributions and investment earnings allocated after two years of membership in the plan. The 2014 employer's contributions were \$229,913 (2013 - \$230,917).

12. REALLOCATION OF DONATION RECEIPTS

Donation receipts recorded have been reallocated as follows:

	2014	2013
Deacon Formation	\$ 250,000	\$ 50,000
Clergy Care	164,277	0
Seminary and Vocations	150,000	73,000
Special Events	100,000	0
Archbishop's Discretionary Fund	62,062	60,693
Chaplaincy	52,305	0
Queen of Peace Monastery	25,000	0
Redeemer Pacific College	25,000	0
Corpus Christi/St. Mark's College	0	200,000
Truth and Reconciliation Fund	0	25,000
Chapel	0	25,000
Total amount reallocated	\$ 828,644	\$ 433,693

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Notes to Financial Statements
Year Ended December 31, 2014

13. RELATED PARTY TRANSACTIONS

The Chancery Division had the following transactions with the 78 parishes within the Archdiocese. They are related by the common control of The Roman Catholic Archbishop of Vancouver, the Corporate Sole.

These transactions are within the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2014	2013
Payments received from parishes		
Project Advance collections	\$ 6,864,801	\$ 6,849,636
Diocesan assessments	3,812,651	3,761,042
Special collections	2,050,228	3,308,769
Insurance premiums assessed	1,712,558	1,702,800
Interest earned from loans	51,000	54,564
	\$ 14,491,238	\$ 15,676,811
Payments made to parishes		
Project Advance rebates	\$ 3,681,162	\$ 3,327,205
Interest paid on deposit accounts	1,446,426	1,700,429
Low-interest revolving fund interest paid	86,222	105,448
Youth ministry rebates	59,528	54,720
	\$ 5,273,338	\$ 5,187,802

In addition to the Project Advance rebates paid during the year, \$978,101 (2013 - \$1,136,427) were still payable as at year-end and are included in Parish Project Advance rebates payable.

14. LOANS PAYABLE

Loans payable to parishes and agencies of \$21,751,648 (2013 - \$6,448,467) are non-interest-bearing with no fixed repayment terms.

Loans payable to Royal Bank of Canada of \$5,100,000 (2013 - \$nil) bear interest up to the bank's prime rate with full repayment due May 31, 2015.

15. CONTINGENCIES

The Archdiocese has been named as a defendant in claims seeking unspecified damages. It is not possible at this time to predict with any certainty the outcome of the claims.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentations.

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Net Assets Internally Restricted for Specific Programs
Year Ended December 31

Schedule 1

	Balance, December 31, 2013	Revenues	Expenditures	Transfers to Unrestricted Net Assets	Balance, December 31, 2014
Low-Interest Revolving Fund	\$ 8,162,400	\$ 157,901	\$ 86,222	\$ 0	\$ 8,234,079
Self-insurance	3,716,451	601,001	930,798	0	3,386,654
Seminary and Vocations	2,449,495	444,863	0	536,091	2,358,267
Clergy Care	2,199,177	207,138	0	251,392	2,154,923
Catholic Education 2000	1,312,814	39,948	0	10,000	1,342,762
St. Joseph's Clergy Residence	1,051,671	32,081	0	40,000	1,043,752
Chapel	529,302	123,839	0	0	653,141
Evangelization	512,375	15,686	0	0	528,061
Holy Rosary Cathedral Renovations	0	518,854	0	102,147	416,707
Deacon Formation	83,698	454,059	6,422	187,989	343,346
Special Events	0	233,694	0	31,492	202,202
Chaplaincies	30,689	54,801	0	0	85,490
Truth and Reconciliation	51,545	1,538	2,000	0	51,083
Youth Ministry	28,291	124,041	59,677	90,000	2,655
Holy Rosary Cathedral Hall	505,100	11,851	516,951	0	0
John Paul II Pastoral Centre	191,787	5,851	197,638	0	0
	\$ 20,824,795	\$ 3,027,146	\$1,799,708	\$ 1,249,111	\$ 20,803,122

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Net Assets Externally Restricted
Year Ended December 31

Schedule 2

	2014	2013
Balance, beginning of year	\$ 7,671,149	\$ 6,715,538
Revenues	1,045,677	1,411,530
Expenditures	(493,108)	(455,919)
Balance, end of year	\$ 8,223,718	\$ 7,671,149

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Archdiocesan Curia Operating Expenses
Year Ended December 31

Schedule 3

	2014	2013
Apostleship of the Sea	\$ 68,778	\$ 64,741
Archdiocesan Operations	168,014	255,388
Archives	87,528	92,302
B.C. Catholic	32,475	75,196
Facilities Management Cost Recoveries	(199,431)	(217,566)
Chaplaincies	233,922	181,466
Chancery	927,504	819,401
Catechetics	321,641	343,048
Office of Life, Marriage and Family	558,377	472,756
Communications	152,725	142,713
Deacon Formation	187,989	145,533
Development	166,662	152,588
Finance Office	261,138	235,117
First Nations Ministry	46,244	52,528
Faith Formation	0	157,228
Human Resources	110,371	113,285
Information Technology	235,675	234,137
Internal Audit	110,640	108,657
Matrimonial Tribunal	439,731	430,405
Office of Evangelization	114,530	113,741
Office of Service and Justice	161,699	179,525
Project Management	57,499	(63)
Rosemary Heights Retreat Centre	124,708	27,956
Seminary and Vocations	536,092	412,949
Stewardship	68,760	64,762
Vanspec	52,095	53,593
Youth and Young Adult	290,143	278,986
	\$ 5,315,509	\$ 4,990,372

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Archdiocesan Curia Grants
Year Ended December 31

Schedule 4

	2014	2013
St. Mark's College and Corpus Christi College	\$ 300,000	\$ 445,675
Holy Rosary	102,147	227,513
Project Advance Grants	100,000	75,000
Catholic Health Association of B.C.	42,495	42,920
Family Planning Programs	11,000	11,000
St. Thomas More Collegiate Foundation	10,000	10,000
	\$ 565,642	\$ 812,108

THE ROMAN CATHOLIC ARCHBISHOP OF VANCOUVER
CHANCERY DIVISION
Property Acquisitions/Dispositions and Secondary School Construction
Year Ended December 31

Schedule 5

	2014			2013
	Property Acquisitions/ Dispositions	Secondary School Construction	Total	Total
Acquisitions and construction	\$ 0	\$ 0	\$ 0	\$ 8,867,064
New JP II Pastoral Centre	15,571,833	0	15,571,833	4,875,101
Elementary school grant	150,000	0	150,000	0
Financing from Project Advance	(650,000)	(1,400,000)	(2,050,000)	(2,075,000)
Sale of properties ¹	0	0	0	(1,069,494)
Allocation of proceeds from sale of Cartier Street to Clergy Retirement Fund	0	0	0	1,069,494
	\$ 15,071,833	\$ (1,400,000)	\$ 13,671,833	\$ 11,667,165

Note:

¹ Included in sale of properties is proceeds received from the sale of 28 - 4900 Cartier Street.