

**The Canadian Catholic Organization
for Development and Peace
Financial Statements
For the year ended August 31, 2021**

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for Development and Peace
Financial Statements
For the year ended August 31, 2021**

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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, 2021, 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, 2021, 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, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2021 and 2020, current assets as at August 31, 2021 and 2020, and net assets as at September 1, 2019 and 2020, and August 31, 2020 and 2021. Our audit opinion on the financial statements for the year ended August 31, 2020 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 qualified opinion.

Independent Auditor's Report

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.



Independent Auditor's Report

- 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.

¹
BDO Canada s.r.l./S.E.N.C.R.L./LLP

Montréal, Québec
December 16, 2021

**The Canadian Catholic Organization
for Development and Peace
Balance Sheet**

August 31	2021	2020
Assets		
Current		
Cash	\$ 3,870,650	\$ 4,506,686
Investments (Note 2)	21,280,582	12,938,647
Accounts receivable (Note 3)	1,206,217	1,078,677
Prepaid expenses	76,543	55,121
Amounts paid in advance on projects	601,687	493,650
	<u>27,035,679</u>	<u>19,072,781</u>
Mutual funds linked to non-repayable loans	7,537	70,777
Investments linked to Solidarity Fund	9,810,350	8,110,350
Capital assets (Note 4)	68,675	45,014
	<u>\$ 36,922,241</u>	<u>\$ 27,298,922</u>

Liabilities and Net Assets

Current		
Accounts payable (Note 5)	\$ 842,656	\$ 1,862,752
Deferred contributions - Development programs (Note 6)	8,345,118	6,800,378
	<u>9,187,774</u>	<u>8,663,130</u>
Net assets		
Invested in capital assets	68,675	45,014
Internally restricted	6,975,252	5,806,213
Restricted for endowment purposes	1,446,462	1,281,716
Solidarity Fund	10,874,522	8,329,778
Unrestricted	8,369,556	3,173,071
	<u>27,734,467</u>	<u>18,635,792</u>
	<u>\$ 36,922,241</u>	<u>\$ 27,298,922</u>

See Note 12 - Uncertainty due to COVID-19

On behalf of the Board:

Evelyn Beaudoin Director

John Tomlin Director

The Canadian Catholic Organization for Development and Peace Statement of Changes in Net Assets

For the year ended August 31	Internally Restricted						Invested in Capital Assets	Restricted for Endowment Purposes	Solidarity Fund	Unrestricted	Total
	Restricted for the Orientation Assembly	Restricted for Reserve Fund	Alain Richemond Fund	Temporary Special Fund	International Commitments Fund (Note 10)	Total of Internally Restricted Funds					
Balances as at September 1, 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 7)	25,000	-	1,910,299	-	-	1,935,299	-	-	-	(1,935,299)	-
Reduction of international commitments (Note 10)	-	-	-	-	(4,160,355)	(4,160,355)	-	-	-	4,160,355	-
Excess 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	-	-
Investment income	-	-	-	-	-	-	-	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
Internally restricted funds (Note 7)	100,000	583,429	-	-	-	683,429	-	-	-	(683,429)	-
Increase of international commitments (Note 10)	-	-	-	-	389,385	389,385	-	-	-	(389,385)	-
Excess of revenues over expenses	20,063	-	39,577	36,585	-	96,225	(22,562)	-	-	8,015,522	8,089,185
Solidarity Fund contributions	-	-	-	-	-	-	-	-	1,700,000	(1,700,000)	-
Investment income	-	-	-	-	-	-	-	163,746	1,064,172	-	1,227,918
Endowment contributions	-	-	-	-	-	-	-	1,000	-	-	1,000
Use for programs	-	-	-	-	-	-	-	-	(219,428)	-	(219,428)
Investment in capital assets	-	-	-	-	-	-	46,223	-	-	(46,223)	-
Balances as at August 31, 2021	\$ 277,108	\$ 2,500,000	\$ 779,876	\$ 714,329	\$ 2,703,939	\$ 6,975,252	\$ 68,675	\$ 1,446,462	\$ 10,074,522	\$ 8,369,556	\$ 27,734,467

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	2021	2020
Revenues (Schedule A)	\$ 19,779,137	\$ 22,045,759
Expenses		
International programs (Schedule B)		
International development programs - Unrestricted	2,720,712	4,837,179
International development programs - Restricted	5,868,150	12,765,018
	<u>8,588,862</u>	<u>17,602,197</u>
Programs in Canada (Schedule C)		
Popular commitment program	1,302,316	2,061,886
Advocacy program	750	9,853
Communications program	630,940	1,206,916
Philanthropic development program	210,404	437,623
Québec sans frontières	798	109,058
	<u>2,145,208</u>	<u>3,825,336</u>
Governance and general operations (Schedule D)		
Governance	205,323	359,520
General management and administrative services	1,272,861	1,525,332
Other expenses	797,648	1,525,420
	<u>2,275,832</u>	<u>3,410,272</u>
	<u>13,009,902</u>	<u>24,837,805</u>
Excess (deficiency) of revenues over expenses before other elements	6,769,235	(2,792,046)
Other elements		
Gain on disposal of investments	381,797	934,931
Change in unrealized gain on investments	938,153	363,164
Settlement of a major estate	-	1,910,299
	<u>1,320,047</u>	<u>3,208,394</u>
Excess of revenues over expenses	\$ 8,089,185	\$ 416,348

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	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 8,089,185	\$ 416,348
Items not affecting cash:		
Amortization of capital assets	22,562	35,197
Gain on disposal of investments	(381,797)	(934,931)
Change in unrealized gain on investments	(938,153)	(363,164)
Use of Solidarity Fund for programs	(219,428)	(152,315)
	<u>6,572,369</u>	<u>(998,865)</u>
Changes in non-cash working capital:		
Accounts receivable	(127,540)	(181,120)
Amounts receivable from an estate	-	2,297,482
Prepaid expenses	(21,422)	62,156
Amounts paid in advance on projects	(108,037)	121,227
Accounts payable	(1,020,096)	634,069
Deferred contribution - Estate	-	(1,908,417)
Deferred contributions - Development programs	1,544,740	(7,025,361)
Non-repayable loans	-	(6,799)
	<u>6,840,014</u>	<u>(7,005,628)</u>
Cash flows from investing activities		
Net change in cash included in investments	(3,870,720)	2,731,225
Acquisitions of investments	(12,290,763)	(12,843,048)
Proceeds from disposal of investments	8,424,989	18,233,919
Acquisition of capital assets	(46,223)	(2,173)
	<u>(7,782,717)</u>	<u>8,119,923</u>
Cash flows from financing activity		
Endowment contributions (total \$1,228,918 in 2021, net from a gain on disposal of investments of \$266,568 and from a change in unrealized gain on investments of \$655,683)	306,667	256,093
Net (decrease) increase in cash and cash equivalents	(636,036)	1,370,388
Cash, beginning of the year	4,506,686	3,136,298
Cash, end of the year	\$ 3,870,650	\$ 4,506,686

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, 2021

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, 2021

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, advances and other receivables, accounts payable, salaries payable, severance pay related to workforce movement program and settlement of a non-repayable loan.

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, 2021

1. Significant Accounting Policies (continued)

Government Assistance Subsidies relating to salaries and rent 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 Fund

Created in September 2016, the Solidarity Fund 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.

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 (\$100,000 in 2021) from the unrestricted fund. Investment income 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, 2021

1. Significant Accounting Policies (continued)

Description of Restricted Net Assets and Endowments (continued)	<p>Restricted for reserve fund</p> <p>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.</p> <p>Temporary special fund</p> <p>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.</p> <p>International commitments fund</p> <p>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 five years.</p> <p>Alain Richemond Fund</p> <p>This fund includes amounts that the Organization 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.</p>
Contribution and Revenue Recognition	<p>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.</p>

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

August 31, 2021

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 investment income 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, 2021

2. Investments

	2021	2020
Measured at fair value		
Cash	\$ 7,211,781	\$ 3,341,061
Bonds, 0.25% to 3.49%, maturing between 2021 and 2030 (cost \$9,583,851; \$6,783,220 in 2020)	9,604,216	7,008,220
Shares (cost \$8,623,635; \$7,507,288 in 2020)	10,907,193	7,900,389
Mutual funds units (cost \$2,140,978; \$1,462,944 in 2020)	3,367,742	2,799,327
	31,090,932	21,048,997
Investments linked to Solidarity Fund	(9,810,350)	(8,110,350)
	\$ 21,280,582	\$ 12,938,647

3. Accounts Receivable

	2021	2020
Share Lent	\$ 921,102	\$ 463,567
Wage and rent subsidies receivable	164,574	463,503
Sales taxes	82,933	104,945
Advances and other receivables	37,608	46,662
	\$ 1,206,217	\$ 1,078,677

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

August 31, 2021

4. Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 66,266	\$ 18,535	\$ 1,032,974	\$ 1,027,200
Office equipment	42,854	38,263	594,956	582,084
Leasehold improvements	55,960	39,607	362,522	336,154
	<u>165,080</u>	<u>96,405</u>	<u>1,990,452</u>	<u>1,945,438</u>
		<u>\$ 68,675</u>		<u>\$ 45,014</u>

5. Accounts Payable

	2021	2020
Accounts payable	\$ 219,835	\$ 375,591
Salaries, employee benefits and vacations payable	495,796	694,521
Severance pay - Workforce movement program	-	583,429
Settlement of a non-repayable loan	-	201,020
Accrued liabilities	<u>127,025</u>	<u>8,191</u>
	<u>\$ 842,656</u>	<u>\$ 1,862,752</u>

As at August 31, 2021 and 2020, government remittances amounted to \$35,229 and \$13,332 respectively.

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

August 31, 2021

6. Deferred Contributions - Development Programs

	2020 Total	Transfers	Amounts Received	Recognized Revenues	2021 Total
Government of Québec	\$ 365,143	\$ -	\$ 802,759	\$ (960,993)	\$ 206,909
AHI Program GAC Project - Canadian Foodgrains Bank	880,508	-	4,525,000	(3,050,603)	2,354,905
Québec sans frontières	97,736	-	49,882	-	147,618
Sahel Program	110,444	-	134,406	(147,442)	97,408
Emergency relief programs	-	-	541,349	(26,003)	515,346
Haïti Program	169,678	-	15,965	(18,659)	166,984
Haïti Earthquake	-	-	244,136	-	244,136
Syria Program	327,943	58,235	21,037	(201,660)	205,555
Philippines Program	230,461	-	81,445	(78,816)	233,090
Africa Program	2,078,096	(58,235)	27,525	(665,467)	1,381,919
Bangladesh Program	405,014	-	78,748	-	483,762
Lebanon Program	-	474,186	331,417	(243,529)	562,074
COVID-19 Emergency Program	-	-	249,250	(119,382)	129,868
Other special appeals	2,135,355	(474,186)	255,774	(301,399)	1,615,544
	\$ 6,800,378	\$ -	\$ 7,358,693	\$(5,813,953)	\$ 8,345,118

7. Internally Restricted Funds

During the year, the National Council of the Organization restricted amounts of \$100,000 for the orientation assembly fund, which was postponed due to the "COVID-19" pandemic and \$583,429 for the Reserve Fund. The Organization cannot use these restricted amounts for other purposes without prior consent of the National Council.

8. Share Lent - Previous Lent

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

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

August 31, 2021

9. 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 \$168,098 during the year (\$219,885 in 2020). This contribution is recorded in the statement of revenues and expenses.

10. Contractual Obligations

The Organization is committed under long-term leases expiring between March 2023 and August 2026 for a total amount of \$555,422. The minimum rental payments for the next five years are as follows:

2022	\$	253,940
2023		253,940
2024		43,792
2025		3,000
2026		750
		<hr/>
	\$	<u>555,422</u>

The Organization has also made commitments to partners for international projects up to 2026. An amount of \$19,027,236 is committed under protocol agreements as at August 31, 2021. Of this amount, the contribution of the Organization amounts to \$2,703,939. 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, 2021, the amount affected to international programs was increased by \$389,385.

The Canadian Catholic Organization for Development and Peace

Notes to Financial Statements

August 31, 2021

11. 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 increase 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 decrease 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, 2021

11. 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 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 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.

The Organization has changed its exposure to other price risk compared to the previous year by increasing investments in quoted shares and mutual fund units.

12. Uncertainty Due to COVID-19

During the previous 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. This situation had the effect of slowing down the operations of the Organization for a period of time, resulting in a decrease in the Organization's revenues and a reduction in the working time of some of its employees. The Organization has made great efforts to conserve liquidity by reducing its expenses and subscribing to various government assistance programs. 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.

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

For the year ended August 31	2021	2020
Share Lent		
Dioceses and parishes	\$ 1,667,019	\$ 865,123
Monthly donations	1,213,762	1,119,666
Regional activities and other	2,189,600	2,092,749
Previous Lent (Note 8)	1,516,369	716,637
	<u>6,586,750</u>	<u>4,794,175</u>
Government funding - Unrestricted		
Manitoba Council for International Cooperation (MCIC)	42,966	46,492
	<u>42,966</u>	<u>46,492</u>
Fundraising activities		
Estates	2,083,293	843,544
Stock donations	73,131	108,058
Annuities and insurance premiums	1,703	1,000
Direct mailing	1,137,796	1,340,999
Unrestricted spontaneous donations	1,095,293	847,896
Major and corporate donations	349,880	285,739
Other donations	16,852	59,531
	<u>4,757,948</u>	<u>3,486,767</u>
Other sources of revenues		
Interest income - General	138,993	183,095
Use of Solidarity Fund for programs	219,428	152,315
Canada Emergency Wage and Rent Subsidies	1,829,120	463,503
	<u>2,187,541</u>	<u>798,913</u>
Government contributions - Restricted		
Emergency relief - Public donations	1,629,093	3,090,487
Emergency relief - Investment income	384,798	141,986
Bilateral programs - IHA GAC	3,076,606	9,205,851
Government of Québec - International programs	965,993	372,901
Québec sans frontières	147,442	108,187
	<u>6,203,932</u>	<u>12,919,412</u>
	<u>\$ 19,779,137</u>	<u>\$ 22,045,759</u>

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

For the year ended August 31	2021	2020
International development programs - Unrestricted		
Development programs	\$ 2,197,435	\$ 4,139,501
Operational costs		
Salaries and social benefits	517,980	666,366
Other operational costs	5,297	31,312
	523,277	697,678
	2,720,712	4,837,179
International development programs - Restricted		
Emergency relief programs - Public donations	1,551,210	2,470,679
Emergency relief programs - Operational costs	277,294	535,606
Bilateral programs - IHA GAC	2,953,368	8,750,353
Temporary special fund programs	50,000	305,000
Alain Richemond Fund programs	55,000	170,000
Government of Québec - International programs	981,278	533,380
	5,868,150	12,765,018
	\$ 8,588,862	\$ 17,602,197

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

For the year ended August 31	2021	2020
Popular commitment program		
Salaries and social benefits	\$ 1,156,440	\$ 1,827,711
Regional office expenses	78,626	117,405
Interns - Youth Program	11,185	-
Other operational costs	53,302	70,477
Diocesan Council grants	2,000	40,010
Others	763	6,283
	1,302,316	2,061,886
Advocacy program		
Research and advocacy expenses	750	9,853
Communications program		
Operational costs	611,868	1,059,824
Share Lent - Material and distribution	11,730	123,808
Fall campaign - Material and distribution	7,342	23,284
	630,940	1,206,916
Philanthropic development program		
Operational costs	134,732	133,824
Major gifts and planned giving	17,321	34,943
Direct mailing	58,351	65,761
Settlement of a non-repayable loan	-	194,221
Others	-	8,874
	210,404	437,623
Québec sans frontières	798	109,058
	\$ 2,145,208	\$ 3,825,336

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

For the year ended August 31	2021	2020
Governance		
National Council and executive committee meetings	\$ 24,959	\$ 111,201
National Council committees	11,211	38,657
International development committee	-	1,870
Regional assemblies	4,100	28,397
Membership fees	35,230	60,000
CCCB Social Justice Fund	115,000	115,000
Other governance expenses	14,823	4,395
	<u>205,323</u>	<u>359,520</u>
General management and administrative services		
Salaries and social benefits	1,020,840	1,271,290
Operational costs	252,021	254,042
	<u>1,272,861</u>	<u>1,525,332</u>
Other expenses		
Amortization of capital assets	22,562	35,197
Workforce movement program	-	583,429
Structural expenses - Fixed costs	713,976	815,814
Special projects and new initiatives	61,110	90,980
	<u>797,648</u>	<u>1,525,420</u>
	<u>\$ 2,275,832</u>	<u>\$ 3,410,272</u>