Financial Statements of

DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

And Independent Auditors' Report thereon

Year ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Bishop of Diocesan Pastoral Centre of the Bishop of Victoria, Corporation Sole

Opinion

We have audited the financial statements of Diocesan Pastoral Centre of the Bishop of Victoria, Corporation Sole (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019 and its results of operations and its cash flows for the year then ended in accordance with basis of accounting in note 1 to the financial statements

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter - Basis of Preparation

We draw attention to note 1 to the financial statements, which describes the basis of accounting and the defined entity as reported upon in these financial statements.

The financial statements are prepared for reporting to the Bishop and to lenders and as a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect to this matter.

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent
member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity
KPMG Canada provides services to KPMG LLP.

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 basis of accounting in note 1 to the financial statements; this includes determining that the applicable financial reporting framework is an acceptable basis for the preparation of the financial statements in the circumstances 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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
- 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.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada

June 10, 2020

DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 114,742	$ -
Accounts receivable	353,163	320,483
Prepaid expenses and deposits	21,564	9,435
	489,469	329,918
Investments (note 2)	5,686,570	4,997,181
Capital assets (note 3)	9,320,712	9,382,663
	$ 15,496,751	$ 14,709,762
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness	$ -	$ 30,655
Accounts payable and accrued liabilities (note 4)	186,030	220,125
Deferred revenue and contributions (note 5)	1,874,405	1,483,814
	2,060,435	1,734,594
Deferred revenue - life lease (note 5)	1,284,667	1,317,467
Total liabilities	3,345,102	3,052,061
Net assets:		
Invested in capital assets	8,036,045	8,065,196
Restricted for endowment purposes (note 8)	1,230,230	1,128,390
Internally restricted (note 8)	873,680	771,123
Unrestricted	2,011,694	1,692,992
	12,151,649	11,657,701
Guarantees and obligations (note 9)		
Contingencies (note 14)		
Subsequent event (notes 2 and 15)		
	$ 15,496,751	$ 14,709,762

See accompanying notes to financial statements.

Approved by the Finance Committee

DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Parish assessments	$ 1,132,987	$ 1,116,584
Donations	111,715	456,029
School assessments	1,033,854	989,208
Ministries and programs:		
Donations	98,302	85,224
Grants	139,772	130,690
Program revenue recognized	113,085	140,361
Donation appeal	826,689	961,676
Investment income (loss) (note 6)	577,296	(72,614)
Property income	263,876	264,341
Other revenue	38,203	39,312
	4,335,779	4,110,811
Expenses:		
General Diocesan	487,554	480,067
Ministries and programs	2,041,094	2,047,688
Property expenses	63,060	63,791
Administration	214,811	200,185
Appeal campaign expenses	57,859	67,946
School expenses	1,079,293	1,009,066
	3,943,671	3,868,743
Excess of revenue over expenses	$ 392,108	$ 242,068

See accompanying notes to financial statements.

DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Statement of Changes In Net Assets

Year ended December 31, 2019, with comparative information for 2018

	Investment in capital assets	Restricted for endowment purposes (note 8)	Internally restricted (note 8)	Unrestricted	Total
Balance December 31, 2017	$ 8,050,231	$ 1,092,971	$ 794,165	$ 1,442,847	$ 11,380,214
Excess (deficiency) of revenue over expenses	(37,217)	-	(11,387)	290,672	242,068
Endowment contributions	-	35,419	-	-	35,419
Internally imposed restrictions	-	-	(11,655)	11,655	-
Capital asset purchases	52,182	-	-	(52,182)	-
Balance December 31, 2018	8,065,196	1,128,390	771,123	1,692,992	11,657,701
Excess (deficiency) of revenue over expenses	(39,586)	-	21,034	410,660	392,108
Endowment contributions	-	101,840	-	-	101,840
Internally imposed restrictions	-	-	81,523	(81,523)	-
Capital asset purchases	10,435	-	-	(10,435)	-
Balance December 31, 2019	$ 8,036,045	$ 1,230,230	$ 873,680	$ 2,011,694	$ 12,151,649

See accompanying notes to financial statements.

DIOCESAN PASTORAL CENTRE OF THE BISHOP OF VICTORIA, CORPORATION SOLE

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 392,108	$ 242,068
Items not involving cash:		
Amortization of capital assets	49,670	47,301
Amortization of buildings under life lease	22,716	22,716
Revenue recognized on life lease	(32,800)	(32,800)
	431,694	279,285
Changes in non-cash operating working capital:		
Increase in accounts receivable	(32,680)	(15,025)
Increase (decrease) in prepaid expense and deposits	(12,129)	19,404
Decrease in accounts payable and accrued liabilities	(34,095)	(22,556)
Increase (decrease) in deferred revenue and contributions	390,591	(178,713)
	743,381	82,395
Financing:		
Increase in net assets restricted for endowment purposes	101,840	35,419
Investing:		
Increase in investments, net	(689,389)	(267,414)
Purchase of capital assets	(10,435)	(52,182)
	(699,824)	(319,596)
Increase (decrease) in cash and cash equivalents	145,397	(201,782)
Cash and cash equivalents (bank indebtedness), beginning of year	(30,655)	171,127
Cash and cash equivalents (bank indebtedness), end of year	$ 114,742	$ (30,655)

See accompanying notes to financial statements.

Diocesan Pastoral Centre of the Bishop of Victoria, Corporation Sole (the "Corporation Sole") was incorporated by a special act of the legislature and was established for the advancement of Roman Catholic religious worship, instruction and ministry on Vancouver Island.

The Corporation Sole is registered with Canada Revenue Agency as a charitable organization and, accordingly, is not subject to income tax. The Bishop of Victoria, through a Finance Committee, administers the Diocese of Victoria (the "Diocese"), which encompasses the Pastoral Centre, the parishes and other affiliates. As indicated in note 1(a) below, these financial statements reflect only a portion of the assets, liabilities and operations of the Bishop of Victoria, Corporation Sole.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations except that the individual parishes and missions, St. Joseph's General Hospital, St. Patrick's Parish Housing Corporation and the Island Catholic Schools, controlled entities, have not been fully consolidated nor disclosed. The financial statements are prepared for purposes of reporting specified operations to the Bishop of the Diocese of Victoria and to lenders on the specified operating activities. As a result, the financial statements may not be suitable for other purposes.

(a) Defined entity:

The Corporation Sole comprises a number of diverse operations and ownership or control of a number of related entities.

The Corporation Sole includes:
- The Diocesan Pastoral Centre
- The 40 parishes and missions of the Diocese

The Corporation Sole wholly owns and/or has control over:
- St. Patrick's Parish Housing Corporation
- Island Catholic Schools

For purposes of these financial statements, the defined entity reflected in these financial statements consists only of the Diocesan Pastoral Centre and does not include the other entities described above. This defined entity for reporting purposes in these financial statements is referred to as the "Pastoral Centre".

The financial statements of St. Joseph's General Hospital, Island Catholic Schools and St. Patrick's Parish Housing Corporation are subject to separate audit or review engagements.

1. **Significant accounting policies (continued):**

(a) Defined entity (continued):

On April 1, 2019, St. Joseph's General Hospital transferred its lands and buildings, other assets, employees, contractors rights and responsibilities to Providence Residential and Community Care Services Society. The Asset Transfer agreement was signed on December 21, 2018. Providence Residential and Community Care Services Society assumed all authorized liabilities and costs incurred by St. Joseph's General Hospital related to the transfer.

(b) Capital assets:

Capital assets are stated at cost less accumulated amortization. Land and buildings acquired prior to January 1, 2011 are recorded at deemed cost, being fair value at January 1, 2011, the transition date to Canadian accounting standards for not-for-profit organizations. Amortization is provided using the straight line method and the following annual rates:

Asset	Rate
Buildings	25 and 50 years
Buildings under life lease	60 years
Furniture and equipment	10 years
Computers	3 years

When a capital asset no longer contributes to the Pastoral Centre's ability to provide services, its carrying amount is written down to its residual value.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short term deposits which are highly liquid with original maturities of less than three months at the date of acquisition. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

1. Significant accounting policies (continued):

(d) Revenue recognition:

The Pastoral Centre 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 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.

The Pastoral Centre assesses the parishes for the administration of the Pastoral Centre. These and all other revenue items are recorded on an accrual basis.

(e) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Actual results could differ from those estimates.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Pastoral Centre has elected to carry all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using straight-line method.

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Pastoral Centre determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Pastoral Centre expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Allocation of expenses:

The Pastoral Centre engages in program and fundraising activities. The costs of each activity include the costs of personnel and other expenses that are directly related to the function.

The Pastoral Centre also incurs and attributes overhead and general support expenses that are common to the administration of the organization and each of its activities. The allocation of overhead is based on the relative space each program uses of the Pastoral Centre. The allocation of general support expenses is based on the program's proportionate share of total expenses.

1. Significant accounting policies (continued):

(h) Change in accounting policies:

In March 2018, the Accounting Standards Board issued “Basis for Conclusions-Accounting Standards Improvements for Not-for-Profit Organizations” resulting in the introduction of three new handbook sections in the Accounting Standards for Not-for- Profit Organizations Part III of the Handbook as follows:

i. Section 4433, *Tangible capital assets held by not-for-profit organizations*, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

   This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at January 1, 2019.

ii. Section 4434, *Intangible assets held by not-for-profit organization*s, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expense should the net carrying value be higher than the asset’s fair value or replacement cost.

   This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment of intangible assets that existed as at January 1, 2019.

iii. Section 4441, *Collections held by not-for-profit organization*s, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

   The Pastoral Centre does not have any collections.

The implementation of these changes had no impact on the financial statements.

2. Investments:

Investments are recorded at fair value.

	2019	2018
Cash	$ 133,946	$ 280,896
Fixed income	996,425	581,270
Guaranteed investment certificates	1,407,244	1,348,653
Money market investments	196,411	228,320
Exchange traded funds	544,360	443,474
Common shares	2,494,387	3,148,247
Preferred shares	401,040	415,564
Mutual Funds	1,238,138	-
	7,411,951	6,446,424
Amounts held in trust (note 7)	(1,725,381)	(1,449,243)
	$ 5,686,570	$ 4,997,181

3. Capital assets:

			2019
	Cost	Accumulated amortization	Net book value
Land	$ 7,114,979	$ -	$ 7,114,979
Buildings	1,560,035	333,983	1,226,052
Buildings under life lease	1,408,000	522,007	885,993
Furniture and equipment	153,380	61,798	91,582
Computers	4,442	2,336	2,106
	$ 10,240,836	$ 920,124	$ 9,320,712

3. Capital assets (continued):

						2018
		Cost		Accumulated amortization		Net book value
Land	$	7,114,979	$	-	$	7,114,979
Buildings		1,560,035		300,624		1,259,411
Buildings under life lease		1,408,000		499,291		908,709
Furniture and equipment		144,797		48,343		96,454
Computers		8,413		5,303		3,110
	$	10,236,224	$	853,561	$	9,382,663

Amortization for the year amounted to $72,386 (2018 - $70,017). Amortization of buildings under life leases of $22,716 (2018 - $22,716) is included in property expenses.

(a) The land and buildings are subject to mortgages and guarantees more specifically explained in note 9.

(b) Included in buildings are prepaid life leases costing $318,060 (2018 - $318,060). During the year, the Pastoral Centre recorded amortization of prepaid life leases of $5,642 (2018 - $5,642) that is included in overhead expenses.

(c) The buildings under life lease are leased to St. Patrick's Parish Housing Corporation under a 60-year life lease.

(d) During the year the Pastoral Centre wrote off $nil (2018 - $3,893) of fully amortized furniture and equipment and $5,823 (2018 - $2,487) of fully amortized computers.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $36,713 (2018 - $36,072), which includes amounts payable for GST, workers' safety insurance and payroll related remittances.

5. Deferred revenue and contributions:

	Deferred revenue - life lease	Deferred contributions	Endowment accumulated interest	Total
Balance, December 31, 2017	$ 1,350,267	$ 1,554,555	$ 107,972	$ 3,012,794
Amounts recognized as revenue in the year	(32,800)	(1,139,301)	(33,993)	(1,206,094)
Amounts received	-	1,028,135	-	1,028,135
Allocation of investment loss	-	-	(33,554)	(33,554)
Balance, December 31, 2018	1,317,467	1,443,389	40,425	2,801,281
Amounts recognized as revenue in the year	(32,800)	(683,315)	(18,962)	(735,077)
Amounts received	-	921,369	-	921,369
Allocation of investment income	-	-	171,789	171,789
Balance, December 31, 2019	$ 1,284,667	$ 1,681,443	$ 193,252	$ 3,159,362

(a) The deferred revenue - life lease represents deferred revenue for a 60-year life lease of land and buildings granted to St. Patrick's Parish Housing Corporation. This deferred revenue is being recognized as revenue over the 60-year term of the lease at $32,800 annually.

(b) Deferred contributions represent unspent revenues and investment income externally restricted for spiritual and education purposes and restricted operating funding received in the current period that is related to subsequent periods.

6. Investment income:

Investment income earned and recorded in the statement of operations, is calculated as follows:

	2019	2018
Investment income (loss)	$ 942,936	$ (193,303)
Bank interest	82,326	29,104
	1,025,262	(164,199)
Externally restricted investment loss (income) deferred	(66,099)	15,279
Investment loss (income) allocated to funds held in trust	(210,078)	42,752
Endowment investment loss (income) deferred	(171,789)	33,554
	$ 577,296	$ (72,614)

7. Assets held in trust for other entities:

The Pastoral Centre holds $1,725,381 (2018 - $1,449,243) cash and investments in trust for other entities, which includes certain schools and parishes. Neither the trust assets, nor the offsetting trust liabilities, are included on the statement of financial position.

8. Restriction on net assets:

The net assets restricted for endowment purposes are all subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income earned on endowments of $1,230,230 (2018 - $1,128,390) is externally restricted for educational and spiritual purposes. During 2019, the Pastoral Centre received contributions restricted for endowment purposes of $101,840 (2018 - $35,419)

As at December 31, 2019, the Pastoral Centre internally restricted $873,680 (2018 - $771,123) of net assets. The funds comprise:

(a) funds restricted for educational and spiritual purposes,
(b) an insurance reserve

These funds are not available for other purposes without approval of the Pastoral Centre. Interest earned on internally restricted funds is recorded in the statement of operations and transferred to the internally restricted net assets.

9. Guarantees and obligations:

The Bishop has guaranteed the bank loans and obligations of Island Catholic Schools. At December 31, 2019 and 2018 these liabilities were as follows:

	2019	2018
Term loans	$ 1,147,231	$ 1,209,020
Building expansion loan	1,500,000	1,500,000
	$ 2,647,231	$ 2,709,020

10. Defined contribution pension plan:

The Pastoral Centre contributes to a defined contribution plan that provides pension benefits to its employees. Participation in the plan is compulsory for all eligible employees. The Pastoral Centre and the employee each contribute 7% (2018 - 6.5%) of gross annual salary. In 2019, the Pastoral Centre contributed $88,349 (2018 - $75,307) to the plan.

11. Related party transactions:

Substantial portions of the Pastoral Centre's activities involve transactions with parishes and other religious organizations as described in note 1(a). The following significant related-party transactions occurred during the year:

The Pastoral Centre received revenue from various entities that are wholly owned by the Pastoral Centre or are controlled and administered through a common finance committee. Related party revenues include parish and school assessments, certain donations, administration fees, and grants. Included in property income is lease income of $32,800 (2018 - $32,800) from a wholly owned affiliate. These transactions are recorded at the exchange amount, which is the amount agreed upon by the parties.

12. Allocated expenses:

Overhead costs of the Pastoral Centre totalling $157,980 (2018 - $125,365) have been allocated as follows:

	2019	2018
General Diocesan	$ 41,942	$ 33,283
Ministries and programs	16,776	13,313
School expenses	32,155	25,517
Administration	67,107	53,252
	$ 157,980	$ 125,365

Administration costs totalling $586,068 (2018 - $587,729) have been allocated as follows:

	2019	2018
Ministries and programs	$ 304,755	$ 332,067
School expenses	281,313	255,662
	$ 586,068	$ 587,729

13. Financial risks and concentration of risk:

(a) Currency risk:

The Pastoral Centre is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. Investments that trade in foreign markets are exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value. The Pastoral Centre's overall currency positions are monitored on a periodic basis by the portfolio manager and managed by the Board quarterly.

(b) Liquidity risk:

Liquidity risk is the risk that the Pastoral Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Pastoral Centre manages its liquidity risk by monitoring its operating requirements. The Pastoral Centre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

13. Financial risks and concentration of risk (continued):

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Pastoral Centre is exposed to credit risk with respect to the accounts receivable. The Pastoral Centre assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(d) Interest rate risk:

The Pastoral Centre is not exposed to significant interest rate risk.

14. Contingencies:

The Pastoral Centre has been named a defendant in a legal action. Management continues to assess the validity of the claim and plans to mount defenses against it. Should any amount be ultimately payable, it may be fully or partially recovered through its insurance carrier. No provision for losses has been reflected in the accounts of the Pastoral Centre for these matters.

15. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our business is not known at this time. These impacts could include impairment of investments, impairments in the value of our tangible capital assets, or future decreases in revenue.