

Financial Statements

**Catholic World Youth Days 2002
Council/Le Conseil des Journées
Mondiales de la Jeunesse de l'Église
Catholique 2002 Inc.**

December 31, 2002

AUDITORS' REPORT

To the Board of
**Catholic World Youth Days 2002 Council/Le Conseil
des Journées Mondiales de la Jeunesse de l'Église
Catholique 2002 Inc.**

We have audited the balance sheet of **Catholic World Youth Days 2002 Council/Le Conseil des Journées Mondiales de la Jeunesse de l'Église Catholique 2002 Inc.** as at December 31, 2002 and the statements of operations and deficit and changes in net deficit for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the Council derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, we were unable to determine whether any adjustments for unrecorded revenue might be necessary to donations, excess (deficiency) of revenue over expenses for the year and accumulated deficit.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,
February 28, 2003.

Ernst & Young LLP

Chartered Accountants

Catholic World Youth Days 2002 Council

BALANCE SHEET

As at December 31

	2002	2001
	\$	\$
ASSETS		
Current		
Cash	1,339,238	1,046,698
Accounts receivable	1,556,115	33,092
Inventory	—	115,000
Prepaid expenses	—	802,516
Total current assets	2,895,353	1,997,306
Capital assets, net <i>[note 3]</i>	—	40,530
	2,895,353	2,037,836
LIABILITIES AND NET DEFICIT		
Liabilities		
Accounts payable	582,005	160,112
Due to Canadian episcopal corporations	43,100	—
Due to Concacan Inc. <i>[note 4]</i>	2,270,248	394,644
Deferred grant revenue <i>[note 5]</i>	—	177,400
Deferred sponsorships	—	365,257
Deferred registration revenue	—	1,753,557
Deferred solidarity revenue	—	126,411
Loan payable <i>[note 6]</i>	—	375,000
Total liabilities	2,895,353	3,352,381
Commitments and contingencies <i>[note 7]</i>		
Net deficit		
Accumulated deficit	—	(1,355,075)
Invested in capital assets	—	40,530
Total net deficit	—	(1,314,545)
	2,895,353	2,037,836

See accompanying notes

Catholic World Youth Days 2002 Council

STATEMENT OF OPERATIONS AND DEFICIT

Year ended December 31

	2002	2001
	\$	\$
REVENUE		
Grants <i>[note 5]</i>	3,078,711	1,369,789
Donations	5,288,331	384,033
Corporate sponsorship	722,320	—
Registration fees	32,029,195	—
Solidarity	1,139,086	—
Event revenues	2,110,343	—
Promotions	13,500	154,000
Interest	167,042	2,421
	44,548,528	1,910,243
EXPENSES		
Wages and salaries	4,947,186	1,474,701
General and administrative <i>[schedule 1]</i>	6,919,734	1,668,007
Event expenses <i>[schedule 2]</i>	66,749,154	—
Amortization	40,530	44,991
	78,656,604	3,187,699
Deficiency of revenue over expenses for the year	(34,108,076)	(1,277,456)
Contributions from Canadian episcopal corporations	35,422,621	—
	1,314,545	(1,277,456)
Deficit, beginning of year	(1,314,545)	(37,089)
Deficit, end of year	—	(1,314,545)

See accompanying notes

Catholic World Youth Days 2002 Council

STATEMENT OF CHANGES IN NET DEFICIT

Year ended December 31

	2002		
	Invested in capital assets \$	Accumulated deficit \$	Total \$
Net deficit, beginning of year	40,530	(1,355,075)	(1,314,545)
Excess of revenue over expenses for the year	—	1,314,545	1,314,545
Change in net assets invested in capital assets <i>[note 3]</i>	(40,530)	40,530	—
Net deficit, end of year	—	—	—

	2001		
	Invested in capital assets \$	Accumulated deficit \$	Total \$
Net deficit, beginning of year	22,312	(59,401)	(37,089)
Deficiency of revenue over expenses for the year	—	(1,277,456)	(1,277,456)
Change in net assets invested in capital assets <i>[note 3]</i>	18,218	(18,218)	—
Net deficit, end of year	40,530	(1,355,075)	(1,314,545)

See accompanying notes

SCHEDULE OF GENERAL ADMINISTRATIVE EXPENSES

Year ended December 31

	2002	2001
	\$	\$
GENERAL AND ADMINISTRATIVE		
Professional services		
Engineering	239,816	—
Project management	144,100	87,420
IT consulting	498,680	99,567
Other	406,148	22,165
	1,288,744	209,152
Accommodations and guarantees to hotels	693,054	101,903
Legal	586,438	7,380
Office equipment and supplies	495,759	65,633
Rent	939,913	282,836
Advertising and promotions	838,099	406,009
Insurance	433,014	91,955
Travel	592,809	248,416
Communications	278,322	59,715
Interest	196,162	—
Other	577,420	195,008
	6,919,734	1,668,007

See accompanying notes

SCHEDULE OF EVENT EXPENSES

Year ended December 31

2002

\$

EVENT

Downsview Lands infrastructure	
Power	3,506,366
Stages and towers	5,281,828
Sound and lighting	4,786,874
Road, fences and barricades	2,137,377
Equipment, machinery and tools	855,013
Utilities	550,505
Tents	534,929
Vestments	407,213
	18,060,105
Meal plan	10,075,651
Pilgrim transportation	7,300,791
Communications, two way radios and cell phones	5,388,511
Pilgrim bags and contents	5,182,354
Sanitation services	3,947,017
Accommodations	2,870,598
Design expenses	2,465,221
Exhibition Place infrastructure	2,205,377
GST net of rebate	2,246,998
Security	2,033,035
Liturgical	783,927
Pilgrim health plan	950,731
Media centers	916,779
Volunteer training and coordination	824,779
Registration	586,050
Way of the Cross	575,449
Other	335,781
	66,749,154

See accompanying notes

Catholic World Youth Days 2002 Council

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

1. PURPOSE OF THE ORGANIZATION

Catholic World Youth Days 2002 Council/Le Conseil des Journées Mondiales de la Jeunesse de l'Église Catholique 2002 Inc. [the "Council"] was formed on May 10, 1999 and commenced active operations in early 2000. The Council administers funds and delegate registration fees which have been donated to the Council for the benefit of World Youth Day 2002. Every two or three years, World Youth Day becomes an international gathering held in a different country. The event has previously been held in various cities throughout the world including Rome, Paris, Manila and Denver. In July of 2002, the event was held in Toronto. Youth from around the world experienced Canadian culture and heritage as part of the event. The Council was established specifically for the planning and implementation of the event.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements include the assets and liabilities arising from the general operations of the Council and have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the significant accounting policies summarized below:

Capital assets

Purchased capital assets are recorded at cost. The Council records amortization on a straight-line basis over the remaining period of the Council's existence.

Revenue recognition

The Council follows the deferral method of accounting for revenue. Externally restricted donations are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received. Pledges are not recorded as revenue since they are not legally enforceable claims.

Grants for restricted purposes are recognized as revenue in the year in which the related expenses are incurred. Grants for unrestricted purposes are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted sponsorships are deferred and recognized as revenue in the year in which the related expenses are incurred.

Catholic World Youth Days 2002 Council

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

Registration and solidarity, revenue which was previously deferred was recognized as revenue in 2002 when the event was held.

Contributed goods and services

Volunteers contributed an indeterminable number of hours per year. In addition, government agencies, corporations, individuals and other agencies donated various goods and services. Because of the difficulty in determining their fair value, contributed goods and services are not recognized in these financial statements.

3. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2002</u>		<u>2001</u>	
	<u>Cost</u>	<u>Accumulated</u>	<u>Cost</u>	<u>Accumulated</u>
	\$	\$	\$	\$
Furniture and equipment	89,983	89,983	89,983	49,453
Net book value		—	40,530	

The change in the net book value of capital assets is due to the following:

	<u>2002</u>	<u>2001</u>
	\$	\$
Purchase of capital assets	—	63,209
Amortization of capital assets	(40,530)	(44,991)
Change in net assets invested in capital assets	(40,530)	18,218

4. DUE TO CONCACAN INC.

Concacan Inc., an independent organization, has had certain transactions with the Council during 2002. A majority of the directors of the Council are associated in the activities of Concacan Inc.

As at December 31, 2002, the amounts due to Concacan Inc. are non-interest bearing and have no fixed terms of repayment. The transactions are recorded at fair market value according to the agreements signed between the parties.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2002

5. GRANTS

Grants consist of the following:

	2002 \$	2001 \$
Federal Government	1,333,333	731,667
Government of Ontario	1,245,378	802,022
The Ontario Trillium Foundation	500,000	—
City of Toronto	—	13,500
	3,078,711	1,547,189
Less deferred grant revenue	—	177,400
	3,078,711	1,369,789

6. LOAN PAYABLE

The City of Toronto provided a non-interest bearing loan of \$375,000 to the Council, which was fully repaid during 2002.

7. COMMITMENTS AND CONTINGENCIES

The Council is a defendant or a potential defendant in certain legal claims in relation to the event. It is not presently possible to predict with a reasonable degree of assurance the results of these claims and the ultimate amount, if any, net of the insurance coverage, the Council may have to pay. Therefore, no loss or liability has been provided for in these financial statements regarding these claims.

The Council intends to vigorously defend its position in these matters.

8. STATEMENT OF CASH FLOWS

A separate statement of cash flows has not been presented since cash flows from operating, investing and financing activities are readily apparent from the other financial statements.