

Financial Statements of

**CANADIAN COUNCIL OF
CHRISTIAN CHARITIES**

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Council of Christian Charities

Opinion

We have audited the financial statements of Canadian Council of Christian Charities (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in fund balances 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 March 31, 2019, and its results of operations and its cash flows year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

Responsibilities of Management and Those Charged With Governance 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.



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's to cease to continue as a going concern.



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- 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 10, 2019

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	Operating Fund	Capital Fund	Trusteed Funds	2019	2018
Assets					
Current assets:					
Cash (note 2)	\$ 1,129,258	\$ -	\$ -	\$ 1,129,258	\$ 2,004,593
Short-term investments (note 3)	1,000,000	-	-	1,000,000	-
Accounts receivable (note 5)	72,471	-	-	72,471	83,242
Receivable from Trust Fund for Legal Defence	11,288	-	-	11,288	13,652
Receivable from CCCC Pension Plan (note 9)	4,309	-	-	4,309	4,647
Receivable from ICFO	107	-	-	107	1,894
Inventory	14,286	-	-	14,286	17,978
Prepaid expenses	24,108	-	-	24,108	22,737
Total current assets	2,255,827	-	-	2,255,827	2,148,743
Trust assets:					
Trust Fund for Legal Defence (note 4 (a))	-	-	261,573	261,573	172,618
Community Trust Fund (note 4 (b))	-	-	2,331,890	2,331,890	2,302,179
Total trust assets	-	-	2,593,463	2,593,463	2,474,797
Capital assets (note 6)	-	263,588	-	263,588	307,836
	\$ 2,255,827	\$ 263,588	\$ 2,593,463	\$ 5,112,878	\$ 4,931,376

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

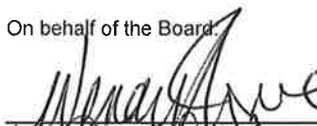
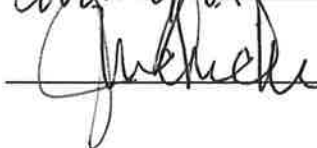
Statement of Financial Position (continued)

March 31, 2019, with comparative information for 2018

	Operating Fund	Capital Fund	Trusted Funds	2019	2018
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable (note 7)	\$ 166,570	\$ -	\$ -	\$ 166,570	\$ 178,791
Deferred revenue	1,267,032	-	-	1,267,032	1,217,140
Total current liabilities	1,433,602	-	-	1,433,602	1,395,931
Trust liabilities:					
Trust Fund for Legal Defence (note 4 (a))	-	-	261,573	261,573	172,618
Community Trust Fund (note 4 (b))	-	-	2,331,890	2,331,890	2,302,179
Total trust liabilities	-	-	2,593,463	2,593,463	2,474,797
Total liabilities	1,433,602	-	2,593,463	4,027,065	3,870,728
Fund balances:					
Unrestricted	822,225	-	-	822,225	752,812
Internally restricted	-	263,588	-	263,588	307,836
Total fund balances	822,225	263,588	-	1,085,813	1,060,648
Commitments (note 10)					
	\$ 2,255,827	\$ 263,588	\$ 2,593,463	\$ 5,112,878	\$ 4,931,376

See accompanying notes to financial statements.

On behalf of the Board:

 Director
 Director

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Statement of Operations and Changes in Fund Balances

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

	Operating Fund	Capital Fund	2019	2018
Revenue:				
Membership services	\$ 2,330,471	\$ -	\$ 2,330,471	\$ 2,318,331
Educational events	14,336	-	14,336	117,408
Publications	33,688	-	33,688	32,238
Donations	28,615	-	28,615	15,890
Investment income and sundry	35,594	-	35,594	25,241
	2,442,704	-	2,442,704	2,509,108
Expenses:				
Membership services	1,368,068	-	1,368,068	1,387,468
Publications	290,746	-	290,746	365,580
Public relations	584,504	-	584,504	378,876
Educational events	153,843	-	153,843	395,052
Contributed services (note 11)	(45,200)	-	(45,200)	(53,482)
Amortization		65,578	65,578	67,242
	2,351,961	65,578	2,417,539	2,540,736
Excess (deficiency) of revenue over expenses	90,743	(65,578)	25,165	(31,628)
Fund balances, beginning of year	752,812	307,836	1,060,648	1,092,276
Interfund transfer (note 13)	(21,330)	21,330	-	-
Fund balances, end of year	\$ 822,225	\$ 263,588	\$ 1,085,813	\$ 1,060,648

See accompanying notes to financial statements.

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Statement of Cash Flows

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

	Operating Fund	Capital Fund	2019	2018
Cash provided by (used in):				
Operations:				
Excess (deficiency) of revenue over expenses	\$ 90,743	\$ (65,578)	\$ 25,165	\$ (31,628)
Item not involving cash:				
Amortization of capital assets	-	65,578	65,578	67,242
Changes in non-cash operating working capital:				
Accounts receivable	10,771	-	10,771	3,477
Receivable from Trust Fund for				
Legal Defence	2,364	-	2,364	(1,306)
Receivable from CCCC Pension Plan	338	-	338	(1,424)
Receivable from ICFO	1,787	-	1,787	(1,894)
Inventory	3,692	-	3,692	4,056
Prepaid expenses	(1,371)	-	(1,371)	72,059
Accounts payable	(12,221)	-	(12,221)	37,603
Deferred revenue	49,892	-	49,892	(30,250)
	145,995	-	145,995	117,935
Investing:				
Purchase of short-term investments	(1,000,000)	-	(1,000,000)	-
Purchase of capital assets	(21,330)	-	(21,330)	(11,954)
	(1,021,330)	-	(1,021,330)	(11,954)
Increase (decrease) in cash	(875,335)	-	(875,335)	105,981
Cash, beginning of year	2,004,593	-	2,004,593	1,898,612
Cash, end of year	\$ 1,129,258	\$ -	\$ 1,129,258	\$ 2,004,593

See accompanying notes to financial statements.

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements

Year ended March 31, 2019

Canadian Council of Christian Charities ("CCCC") serves the members of CCCC by providing information and training in the area of Christian stewardship and administration and by facilitating cooperation to avoid duplication of activities and expenses. CCCC was incorporated under the laws of the Province of Ontario on June 6, 1979 as a corporation without share capital. As a registered charity, CCCC is exempt from tax on its income under the Income Tax Act.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. CCCC's significant accounting policies are as follows:

(a) Basis of presentation:

These statements have been prepared to include the assets and liabilities of all accounts considered by CCCC as trustee funds. The financial results of these trustee funds are separately disclosed in note 4.

(b) Fund accounting:

The accounts of CCCC are maintained in accordance with the principles of fund accounting. The purposes of the funds are as follows:

(i) Operating Fund:

The Operating Fund accounts for CCCC's program delivery and administrative activities. This is an unrestricted fund.

(ii) Capital Fund:

The Capital Fund accounts for capital assets of CCCC. This is an internally restricted fund.

(iii) Trustee Funds:

The Trustee Funds are funds held in trust for purposes as described in note 4.

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2019

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are stated at cost less accumulated amortization. Computer equipment is amortized using the straight-line method at 30% per annum while other office equipment is amortized using the straight-line method at 20% per annum and leasehold improvements are amortized using the straight-line method at 5% per annum.

(d) Inventory:

Inventory consists of various publications and other items for resale. Inventory is valued at the lower of cost and net realizable value on a first-in, first-out basis.

(e) Revenue recognition:

CCCC receives revenue for the Operating Fund from a variety of sources including administration fees, member fees, sales of publications, conference and seminar admission fees, subscription fees and donations. Revenue is recognized when the publications are shipped, the conference/seminars are held, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. Donations and administration fees are recorded upon receipt of the funds. Donations include marketable securities which are recorded at fair value on the date of the donation. Member fees and subscriptions fees are recognized over the life of the membership or subscription.

Restricted contributions are recognized in the appropriate funds.

(f) Use of estimates:

The preparation of 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 dates of the financial statements and the reported amounts of revenue and expenses during the years. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and valuation allowances for accounts receivable. Actual results could differ from those estimates.

(g) Employee future benefits:

CCCC has a defined contribution plan providing pension and post-employment benefits for its employees. The cost of the defined contribution plan is recognized based on the required contributions during each period.

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2019

1. Significant accounting policies (continued):

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity and fixed income instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at fair value.

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 CCCC 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 CCCC 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.

2. Available credit facilities:

CCCC has an arrangement with its banker providing for an operating credit facility in the amount of \$125,000 (2018 - \$125,000). The balance outstanding at year end was \$nil (2018 - \$nil). The line of credit bears interest at the bank's prime lending rate plus 1.30%.

3. Short-term investments:

Short-term investments consist of a guaranteed investment certificate which has an effective interest rate of 2.20% and a maturity date of November 2019.

4. Trusteed funds:

Salaries and benefits - net:

The salaries and benefits reported in the Operating Fund of \$1,694,407 (2018 - \$1,678,819) are net of the salaries and benefits charged to the trusteed funds. The salaries and benefits charged to the Trust Fund for Legal Defence were \$123,067 (2018 - \$121,563). Total salaries and benefits paid were \$1,817,474 (2018 - \$1,800,382).

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2019

4. Trusteed funds (continued):

(a) Trust Fund for Legal Defence:

The Trust Fund for Legal Defence, of which CCCC is the trustee, exists to defend legal challenges and to undertake legal research for the benefit of the affiliated and certified members, their employees and supporters. It coordinates and funds legal challenges for such beneficiaries when the legal issues to be determined have broad application. CCCC is not the client in any of the actions funded by this fund and any favourable court decisions are for the benefit of the affiliated organizations and certified charities, their employees or supporters. The funding is primarily through voluntary contributions from the beneficiaries. The obligation of CCCC, as trustee, is to exercise its best efforts in raising the funds necessary for the fund to meet its obligations to creditors.

CCCC is contingently liable for payment of any unpaid legal fees of the Trust Fund for Legal Defence.

The revenue, expenses and fund balance of the Trust Fund for Legal Defence are as follows:

	2019	2018
Revenue:		
Contributions	\$ 229,203	\$ 129,617
Interest income	2,048	1,430
	231,251	131,047
Expenses:		
TWU Intervention	9,112	45,432
CSJ Intervention	38,588	-
Legal Symposium	8,835	26,561
Wall Intervention	42	17,089
Research and legislative	84,058	56,841
Fundraising and general expenses	1,661	22,204
	142,296	168,127
Excess (deficiency) of revenue over expenses	88,955	(37,080)
Fund balance, beginning of year	172,618	209,698
Fund balance, end of year	\$ 261,573	\$ 172,618

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2019

4. Trusteed funds (continued):

(a) Trust Fund for Legal Defence (continued):

The fund balance consists of the following:

	2019	2018
Cash	\$ 272,657	\$ 188,797
Other accounts receivable	203	289
Accounts payable and accrued liabilities	-	(2,816)
Payable to CCCC	(11,287)	(13,652)
	<u>\$ 261,573</u>	<u>\$ 172,618</u>

The extent and timing of payments to CCCC from the Trust are dependent on contributions from affiliated organizations and certified charities and their supporters.

(b) Community Trust Fund:

The Community Trust Fund, of which CCCC is the trustee, exists to facilitate gifts of shares from donors for the benefit of the affiliate and certified members. This fund also holds cash and other investments as a result of the disposition of donated marketable securities held for future distributions to Canadian registered charities. The Investment Committee invests the Fund's assets in accordance with the Investment Policy approved by the CCCC Board of Directors.

Certain restricted contributions are recognized as revenue of the Community Trust Fund. These contributions, consisting of marketable securities, were received by CCCC for the purpose of distribution to Canadian registered charities.

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2019

4. Trusteed funds (continued):

(b) Community Trust Fund (continued):

The revenue, expenses and balance of funds of the Community Trust Fund are as follows:

	2019	2018
Revenue:		
Contributions of marketable securities and cash	\$ 1,057,441	\$ 1,312,670
Dividends	20,338	20,308
Interest earned on contributions awaiting distribution	35,840	45,645
Received from (paid to) the CCCC Operating Fund	(31,923)	(31,974)
Realized gain (loss) on sale of marketable securities	19,763	31,400
Unrealized gain (loss) on marketable securities	77,075	(26,385)
	1,178,534	1,351,664
Expenses:		
Distribution of contributions	1,111,992	1,195,300
Fees	36,831	35,571
	1,148,823	1,230,871
Excess of revenue over expenses	29,711	120,793
Fund balance, beginning of year	2,302,179	2,181,386
Fund balance, end of year	\$ 2,331,890	\$ 2,302,179

The fund balance consists of the following:

	2019	2018
Cash	\$ 162,564	\$ 143,985
Accounts receivable	808	1,049
Accrued investment income	-	11,254
Investments	2,168,518	2,145,891
	\$ 2,331,890	\$ 2,302,179

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2019

4. Trusteed funds (continued):

(b) Community Trust Fund (continued):

The investments' costs and fair values are as follows:

		2019		2018	
		Cost	Fair value	Cost	Fair value
Pooled Investments:					
TD Waterhouse:					
Manulife Bond	\$	646,786	\$ 649,611	\$ 640,635	\$ 630,922
Sionna Large Cap		219,102	224,976	239,949	255,351
Connor, Clark & Lunn		217,339	238,152	238,829	249,491
Walter Scott		343,620	485,679	288,356	386,667
Guardian Capital		565,997	570,100	639,457	623,460
	\$	1,992,844	\$ 2,168,518	\$ 2,047,226	\$ 2,145,891

5. Accounts receivable:

No allowance for impairment of accounts receivable has been recorded as at March 31, 2019 and 2018.

6. Capital assets:

		2019		2018	
		Cost	Accumulated amortization	Net book value	Net book value
Office and computer equipment	\$	148,490	\$ 85,292	\$ 63,198	\$ 86,946
Leasehold improvements		409,983	209,593	200,390	220,890
	\$	558,473	\$ 294,885	\$ 263,588	\$ 307,836

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$3,091 (2018 - \$4,524).

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2019

8. Financial risks and concentration of credit risk:

(a) Liquidity risk:

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

(b) Industry:

CCCC operates in a charity and not-for-profit environment and is affected by general economic trends. A decline in economic conditions, consumer-spending levels or other adverse conditions could lead to reduced revenues.

9. Related party transactions:

CCCC received administration fees from the Canadian Council of Christian Charities Employees Pension Plan aggregating \$53,630 (2018 - \$47,929) during the year. At year end, \$4,309 (2018 - \$4,647) was owing to the CCCC Operating Fund related to administration fees. The pension plan is administered for the Trustees of the Canadian Council of Christian Charities Employees Pension Plan, which is a plan for the employees of CCCC members.

10. Commitments:

Premises occupied by CCCC have been leased for a term of 20 years, beginning November 1, 2008 and ending October 31, 2028. There is a monthly rental charge plus a proportionate share of the landlord's cost. Annual lease commitments below exclude CCCC's share of landlord costs.

Lease obligations also include one photocopier and postal equipment. The photocopier and postal equipment lease requires annual payments of \$6,092 for the term which expires in fiscal 2020.

The lease payments for the next five years are as follows:

2020	\$ 78,497
2021	72,405
2022	72,405
2023	72,405
2024	72,405

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2019

11. Contributed services:

Employees contributed 1,034 hours (2018 - 1,257 hours) in excess of the regular work week to assist CCCC in carrying out its service delivery activities. The contributed services have been recognized as a recovery of expenses on the statement of operations and changes in fund balances of \$45,200 (2018 - \$53,482) and the related expense in educational events, membership services, publications, and public relations.

12. Multi-employer defined contribution pension plan:

The employees are members of the Canadian Council of Christian Charities Employees Pension Plan. CCCC made cash employer contributions of \$71,533 (2018 - \$67,801) to the pension plan during the year.

13. Interfund transfers:

During the year, the Operating Fund transferred \$21,330 to the Capital Fund to fund cash outlays for capital asset acquisitions.

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Schedule of Revenue and Expenses by Object

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

	2019 Actual	2019 Budget (unaudited)	2018 Actual
Revenue:			
Fees	\$ 2,330,471	\$ 2,349,000	\$ 2,318,331
Sales	48,024	154,200	149,646
Unreceipted donations	15,349	6,000	14,515
Investments	26,964	8,000	15,098
Sundry	8,630	17,000	10,143
Receipted donations	13,266	2,000	1,375
	2,442,704	2,536,200	2,509,108
Expenses:			
Salaries and benefits (note 4)	1,694,407	1,805,600	1,678,819
Printing and supplies	170,238	206,100	194,568
Rent and premises	143,492	148,200	277,515
Costs of goods sold	9,706	10,500	18,965
Speakers and consultants	114,846	73,700	102,523
Travel	59,117	77,200	72,566
Continuing education	59,523	36,200	30,916
Membership fees	25,377	38,200	27,551
Professional and audit	11,953	11,700	11,745
Telephone	19,677	13,200	27,202
Advertising and promotions	33,153	30,000	20,535
Insurance	10,472	10,600	10,588
	2,351,961	2,461,200	2,473,494
Excess of revenue over expenses excluding amortization	\$ 90,743	\$ 75,000	\$ 35,614