

Financial Statements of

**CANADIAN COUNCIL OF
CHRISTIAN CHARITIES**

Year ended March 31, 2018



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INDEPENDENT AUDITORS' REPORT

To The Members of Canadian Council of Christian Charities

We have audited the accompanying financial statements of Canadian Council of Christian Charities, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in fund balances and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Page 2

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Council of Christian Charities as at March 31, 2018 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada
June 12, 2018

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	Operating Fund	Capital Fund	Trusteed Funds	2018	2017
Assets					
Current assets:					
Cash (note 2)	\$ 2,004,593	-	-	\$ 2,004,593	\$ 1,898,612
Accounts receivable (note 4)	83,242	-	-	83,242	86,719
Receivable from Trust Fund for Legal Defence	13,652	-	-	13,652	12,346
Receivable from CCCC Pension Plan (note 8)	4,647	-	-	4,647	3,223
Receivable from ICFO	1,894	-	-	1,894	-
Inventory	17,978	-	-	17,978	22,034
Prepaid expenses	22,737	-	-	22,737	94,796
Total current assets	2,148,743	-	-	2,148,743	2,117,730
Trust assets:					
Trust Fund for Legal Defence (note 3 (a))	-	-	172,618	172,618	209,698
Community Trust Fund (note 3 (b))	-	-	2,302,179	2,302,179	2,181,386
Total trust assets	-	-	2,474,797	2,474,797	2,391,084
Capital assets (note 5)	-	307,836	-	307,836	363,124
	\$ 2,148,743	\$ 307,836	\$ 2,474,797	\$ 4,931,376	\$ 4,871,938

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Statement of Financial Position (continued)

March 31, 2018, with comparative information for 2017

	Operating Fund	Capital Fund	Trusteed Funds	2018	2017
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable (note 6)	\$ 178,791	-	-	\$ 178,791	\$ 141,188
Deferred revenue	1,217,140	-	-	1,217,140	1,247,390
Total current liabilities	1,395,931	-	-	1,395,931	1,388,578
Trust liabilities:					
Trust Fund for Legal Defence (note 3 (a))	-	-	172,618	172,618	209,698
Community Trust Fund (note 3 (b))	-	-	2,302,179	2,302,179	2,181,386
Total trust liabilities	-	-	2,474,797	2,474,797	2,391,084
Total liabilities	1,395,931	-	2,474,797	3,870,728	3,779,662
Fund balances:					
Unrestricted	752,812	-	-	752,812	729,152
Internally restricted	-	307,836	-	307,836	363,124
Total fund balances	752,812	307,836	-	1,060,648	1,092,276
Commitments (note 9)					
	\$ 2,148,743	\$ 307,836	\$ 2,474,797	\$ 4,931,376	\$ 4,871,938

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, 2018, with comparative information for 2017

	Operating Fund	Capital Fund	2018	2017
Revenue:				
Membership services	\$ 2,318,331	-	\$ 2,318,331	\$ 2,242,510
Educational events	117,408	-	117,408	226,036
Publications	32,238	-	32,238	31,190
Donations	15,890	-	15,890	21,590
Investment income and sundry	25,241	-	25,241	53,863
	2,509,108	-	2,509,108	2,575,189
Expenses:				
Membership services	1,387,468	-	1,387,468	1,381,547
Publications	365,580	-	365,580	325,476
Public relations	378,876	-	378,876	322,295
Educational events	395,052	-	395,052	565,504
Contributed services (note 10)	(53,482)	-	(53,482)	(62,187)
Amortization	-	67,242	67,242	54,234
	2,473,494	67,242	2,540,736	2,586,869
Excess (deficiency) of revenue over expenses	35,614	(67,242)	(31,628)	(11,680)
Fund balances, beginning of year	729,152	363,124	1,092,276	1,103,956
Interfund transfer (note 12)	(11,954)	11,954	-	-
Fund balances, end of year	\$ 752,812	\$ 307,836	\$ 1,060,648	\$ 1,092,276

See accompanying notes to financial statements.

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	Operating Fund	Capital Fund	2018	2017
Cash provided by (used in):				
Operations:				
Excess (deficiency) of revenue over expenses	\$ 35,614	\$ (67,242)	\$ (31,628)	\$ (11,680)
Item not involving cash:				
Amortization of capital assets	-	67,242	67,242	54,234
Changes in non-cash operating working capital:				
Accounts receivable	3,477	-	3,477	(28,824)
Receivable from Trust Fund for Legal Defence	(1,306)	-	(1,306)	(3,090)
Receivable from CCCC Pension Plan	(1,424)	-	(1,424)	589
Receivable from ICFO	(1,894)	-	(1,894)	-
Inventory	4,056	-	4,056	4,038
Prepaid expenses	72,059	-	72,059	(64,532)
Accounts payable	37,603	-	37,603	(8,080)
Deferred revenue	(30,250)	-	(30,250)	(107,054)
	117,935	-	117,935	(164,399)
Investing:				
Purchase of capital assets	(11,954)	-	(11,954)	(115,206)
Increase (decrease) in cash	105,981	-	105,981	(279,605)
Cash, beginning of year	1,898,612	-	1,898,612	2,178,217
Cash, end of year	\$ 2,004,593	-	\$ 2,004,593	\$ 1,898,612

See accompanying notes to financial statements.

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements

Year ended March 31, 2018

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 3.

(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 3.

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2018

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, 2018

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 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 (2017 - \$125,000). The balance outstanding at year end was \$nil (2017 - \$nil). The line of credit bears interest at the bank's prime lending rate plus 1.25%.

3. Trusteed funds:

Salaries and benefits - net:

The salaries and benefits reported in the Operating Fund of \$1,678,819 (2017 - \$1,703,847) 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 \$121,563 (2017 - \$68,702). Total salaries and benefits paid were \$1,800,382 (2017 - \$1,772,549).

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2018

3. 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:

	2018	2017
Revenue:		
Contributions	\$ 129,617	\$ 90,819
Interest income	1,430	1,221
	131,047	92,040
Expenses:		
TWU Intervention	45,432	25,636
Legal Symposium	26,561	18,132
Wall Intervention	17,089	-
Research and legislative	56,841	44,874
Universities Canada	-	3,253
Fundraising and general expenses	22,204	4,993
	168,127	96,888
Deficiency of revenue over expenses	(37,080)	(4,848)
Fund balance, beginning of year	209,698	214,546
Fund balance, end of year	\$ 172,618	\$ 209,698

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2018

3. Trusteed funds (continued):

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

The fund balance consists of the following:

	2018	2017
Cash	\$ 188,797	\$ 221,924
Other accounts receivable	289	120
Accounts payable and accrued liabilities	(2,816)	-
Payable to CCCC	(13,652)	(12,346)
	<hr/>	<hr/>
	\$ 172,618	\$ 209,698

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, 2018

3. Trusteed funds (continued):

(b) Community Trust Fund (continued):

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

	2018	2017
Revenue:		
Contributions of marketable securities and cash	\$ 1,312,670	\$ 857,805
Dividends	20,308	20,015
Interest earned on contributions awaiting distribution	45,645	49,892
Received from (paid to) the CCCC Operating Fund	(31,974)	(25,069)
Realized gain (loss) on sale of marketable securities	31,400	46,886
Unrealized gain (loss) on marketable securities	(26,385)	30,081
	1,351,664	979,610
Expenses:		
Distribution of contributions	1,195,300	1,039,774
Fees	35,571	37,189
	1,230,871	1,076,963
Deficiency of revenue over expenses	120,793	(97,353)
Fund balance, beginning of year	2,181,386	2,278,739
Fund balance, end of year	\$ 2,302,179	\$ 2,181,386

The fund balance consists of the following:

	2018	2017
Cash	\$ 143,985	\$ 113,107
Accounts receivable	1,049	832
Accrued investment income	11,254	12,695
Investments	2,145,891	2,054,752
	\$ 2,302,179	\$ 2,181,386

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2018

3. Trusteed funds (continued):

(b) Community Trust Fund (continued):

The investments' costs and fair values are as follows:

	2018		2017	
	Cost	Fair value	Cost	Fair value
Pooled Investments:				
TD Waterhouse:				
Manulife Bond	\$ 640,635	\$ 630,922	\$ 700,486	\$ 695,858
Sionna Large Cap	239,949	255,351	192,053	215,576
Connor, Clark & Lunn	238,829	249,491	192,409	216,047
Walter Scott	288,356	386,667	208,291	298,511
Guardian Capital	639,457	623,460	636,600	628,760
	\$ 2,047,226	\$ 2,145,891	\$ 1,929,839	\$ 2,054,752

4. Accounts receivable:

No allowance for impairment of accounts receivable has been recorded as at March 31, 2018 and 2017.

5. Capital assets:

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Office and computer equipment	\$ 156,237	\$ 69,291	\$ 86,946	\$ 121,735
Leasehold improvements	409,983	189,093	220,890	241,389
	\$ 566,220	\$ 258,384	\$ 307,836	\$ 363,124

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,524 (2017 - \$3,684).

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2018

7. 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.

8. Related party transactions:

CCCC received administration fees from the Canadian Council of Christian Charities Employees Pension Plan aggregating \$47,929 (2017 - \$43,071) during the year. At year end, \$4,647 (2017 - \$3,223) 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.

9. 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:

2019	\$ 70,987
2020	70,987
2021	64,895
2022	64,895
2023	64,895

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Notes to Financial Statements, continued

Year ended March 31, 2018

10. Contributed services:

Employees contributed 1,257 hours (2017 - 1,155 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 \$53,482 (2017 - \$62,187) and the related expense in educational events, membership services, publications, and public relations.

11. 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 \$67,801 (2017 - \$68,541) to the pension plan during the year.

12. Interfund transfers:

During the year, the Operating Fund transferred \$11,954 to the Capital Fund to fund cash outlays for capital asset acquisitions.

13. Comparative information

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

CANADIAN COUNCIL OF CHRISTIAN CHARITIES

Schedule of Revenue and Expenses by Object

Year ended March 31, 2018, with comparative information for 2017

	2018 Actual	2018 Budget (unaudited)	2017 Actual
Revenue:			
Fees	\$ 2,318,331	\$ 2,278,200	\$ 2,242,510
Sales	149,646	301,100	257,226
Unreceipted donations	14,515	6,000	20,890
Grants	-	-	31,000
Investments	15,098	8,000	11,927
Sundry	10,143	22,000	10,936
Receipted donations	1,375	2,000	700
	<u>2,509,108</u>	<u>2,617,300</u>	<u>2,575,189</u>
Expenses:			
Salaries and benefits (note 3)	1,678,819	1,710,500	1,703,847
Printing and supplies	194,568	217,700	204,778
Rent and premises	277,515	318,100	287,927
Costs of goods sold	18,965	5,300	9,003
Speakers and consultants	102,523	88,100	139,959
Travel	72,566	95,000	52,599
Continuing education	30,916	29,600	36,534
Membership fees	27,551	30,400	37,413
Professional and audit	11,745	11,600	11,589
Telephone	27,202	12,200	16,298
Advertising and promotions	20,535	28,700	22,880
Insurance	10,588	10,100	9,808
	<u>2,473,494</u>	<u>2,557,300</u>	<u>2,532,635</u>
Excess of revenue over expenses excluding amortization	\$ 35,614	\$ 60,000	\$ 42,554