Financial Statements of

CANADIAN CENTRE FOR CHRISTIAN CHARITIES MULTI-EMPLOYER PENSION PLAN

And Independent Auditor's Report thereon

Year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of Canadian Centre for Christian Charities Multi-Employer Pension Plan

Opinion

We have audited the financial statements of Canadian Centre for Christian Charities Multi-Employer Pension Plan (the Plan), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of changes in net assets available for benefits 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 statement of financial position of the Plan as at December 31, 2022, and its changes in net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

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 **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Plan 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 the financial statements in accordance with the financial reporting provisions of Canadian accounting standards for pension plans, 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 Plan'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 Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan'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 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 Plan'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 Plan'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 Plan 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, Licensed Public Accountants

Kitchener, Canada

June 23, 2023

CANADIAN CENTRE FOR CHRISTIAN CHARITIES MULTI-EMPLOYER PENSION PLAN

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Cash	$ 44,523	$ 39,078
Contributions receivable:		
Employee	125,045	119,120
Employer	232,286	218,917
Other accounts receivable	15,925	15,456
Investments (note 4)	53,387,232	59,235,944
	53,805,011	$ 59,628,515
Liabilities		
Accounts payable and accrued liabilities (note 6)	21,920	19,205
	21,920	19,205
Net assets available for benefits	53,783,091	59,609,310
Pension obligation (note 2(a))	53,783,091	59,609,310
Surplus	$ –	$ –

See accompanying notes to financial statements.

On behalf of the Trustees:

CANADIAN CENTRE FOR CHRISTIAN CHARITIES MULTI-EMPLOYER PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Net assets increased (decrease) by:		
Employer contributions:		
Current services	$ 2,448,907	$ 2,236,305
Employee contributions:		
Required	1,037,531	990,749
Voluntary	358,967	353,178
Transfer from other plans	2,244,311	3,735,164
	3,640,809	5,079,091
Benefits and transfers:		
Benefits paid	(422,059)	(635,382)
Transfers to other plans	(4,527,567)	(6,072,057)
	(4,949,626)	(6,707,439)
Administrative expenses (note 4 and 5)	(452,478)	(561,435)
Change in fair value (note 4)	(6,513,831)	6,055,654
Increase (decrease) in net assets available for benefits	(5,826,219)	6,102,176
Net assets available for benefits, beginning of year	59,609,310	53,507,134
Net assets available for benefits, end of year	$ 53,783,091	$ 59,609,310

See accompanying notes to financial statements.

1. Description of the Plan:

The following description of the Canadian Centre for Christian Charities Multi-Employer Pension Plan (the “Plan”) is a summary only. For more complete information, reference should be made to the Plan’s Declaration of Trust and its Plan Text.

General

The Plan is a multi-employer defined contribution pension plan governed by a trust agreement dated October 1, 1982 as amended from time to time. The Plan is registered with the Financial Services Regulatory Authority of Ontario and with Canada Revenue Agency under registration number 0446773.

Funds of the Plan are held in trust by Trustees appointed by Canadian Centre for Christian Charities and are invested in segregated funds and guaranteed investment instruments selected by the Trustees, in accordance with the investment policy set by the Trustees. Each member of the plan individually allocates the funds in their personal account to the Trustee selected segregated funds and guaranteed investment instruments.

The Trustees have engaged Canadian Centre for Christian Charities as overall administrator.

Canada Life Group Customer Division (“CL”) has been appointed as the record-keeper by the Trustees to provide certain member services (statements, on-line account information and other general and educational information) and to manage the segregated funds and guaranteed investment instruments. CL also provides day-to-day administration including the allocation of earnings to the members’ accounts.

The Plan also engages the services of pension consultants for plan design and performance measurement advice.

2. Basis of presentation:

(a) Basis of presentation:

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans require the Plan to comply (on a consistent basis) with either International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") in Part I of The Chartered Professional Accountants' of Canada ("CPA") Handbook - Accounting or Canadian accounting standards for private enterprises in Part II of the CPA Handbook - Accounting. The Plan has chosen to comply on a consistent basis with ASPE.

The financial statements are prepared in accordance with Canadian accounting standards for pension plans which also comply with the accounting requirements prescribed by Financial Services Regulatory Authority of Ontario for financial statements under Section 76 of Regulation 909 of the Pension Benefits Act (Ontario).

The Plan is a defined contribution plan. For a defined contribution pension plan, premium benefits are determined by the employer's and employees' contributions and the performance of the plan. Actuarial valuations are not required as the pension obligation equals the net assets available for benefits.

2. Basis of presentation (continued):

(a) Basis of presentation (continued):

A statement of changes in pension obligations has not been provided, since the change in the pension obligations for the year is equal to the change in net assets available for benefits for that year.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for investments, which are measured at fair value through the statement of changes in net assets available for benefits.

(c) Use of estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts in the changes in assets during the year. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

3. Significant accounting policies:

(a) Financial assets and financial liabilities:

(i) Financial assets:

Financial assets are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the instrument. Upon initial recognition, attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred.

The Plan measures all of its investments at fair value through the statement of changes in net assets available for benefits.

Other financial assets are measured at amortized cost.

The Plan derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Plan neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

3. Significant accounting policies (continued):

(a) Financial assets and financial liabilities (continued):

(i) Financial assets (continued):

On derecognition of a financial asset, the difference between the carrying amount of the asset, and consideration received is recognized in the statement of changes in net assets available for benefits as a net realized gain on sale of investments. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Financial liabilities:

All financial liabilities are recognized initially on the trade date at which the Plan becomes a party to the contractual provisions of the instrument.

The Plan derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(b) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Plan follows the guidance in IFRS 13, Fair Value Measurement ("IFRS 13"), in Part I of the CPA Canada Handbook as required by Section 4600. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Plan uses closing market price as a practical expedient for fair value measurement.

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's-length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's-length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

3. Significant accounting policies (continued):

(b) Fair value measurement (continued):

The fair values of investments are determined as follows:

Guaranteed interest accounts are recorded at cost plus accrued interest income.

Investments in the pooled segregated funds are valued at market. The unit values of the segregated funds are calculated by dividing the net assets value of the funds by the number of units outstanding. Pooled segregated fund investments are valued at the unit values supplied by the investment manager of those funds.

The realized and unrealized gains on investments includes interest income on guaranteed interest accounts, realized gains/losses on sale of units of the segregated funds and unrealized market appreciation/depreciation of the segregated funds.

(c) Income recognition:

Change in fair value - realized and unrealized gains (losses) on investments, which is recorded on the accrual basis, includes interest income and dividends.

(d) Benefits and transfers:

Lump-sum payments or terminations out of the Plan are accounted for in the period in which the election to effect such payment or transfer is made, or the period of termination where such election is made prior to the end of the year.

(e) Income taxes:

The Plan is a registered pension plan, as defined by the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

4. Investments:

The Plan holds units in various pooled funds administered by Canada Life Group Customer Division. The carrying value of investments approximates the fair value. The investments held by the Plan, and the changes in fund segments and total investments are summarized as follows:

	2022				
	Fund value January 1, 2022	Net investment in fund	Change in fair value	Expenses charged to fund	Fund value December 31 2022
Balanced	$ 4,670,947	$ (439,250)	$ (592,981)	$ (29,154)	$ 3,609,562
Canadian equity	1,894,789	(173,775)	(218,913)	(11,825)	1,490,276
Fixed income	774,676	(63,414)	(91,768)	(4,588)	614,906
Money market	281,497	(281,217)	108	(388)	–
Money market (Mackenzie)	–	316,704	5,143	(1,124)	320,723
SRI balanced	100,837	84,164	(5,376)	(1,028)	178,597
American equity	3,140,300	(130,506)	(312,888)	(25,032)	2,671,874
International equity	615,470	(14,179)	(28,871)	(5,965)	566,455
SRI Canadian equity	276,083	238,890	3,666	(3,091)	515,548
Guaranteed investments	1,083,683	315,888	14,648		1,414,219
ClearPath 2020	9,577,885	(641,523)	(1,097,439)	(73,064)	7,765,859
ClearPath 2025	8,883,117	316,841	(1,027,885)	(71,435)	8,100,638
ClearPath 2030	7,336,671	547,687	(841,154)	(59,968)	6,983,236
ClearPath 2035	6,442,176	284,139	(752,643)	(52,176)	5,921,496
ClearPath 2040	5,739,134	49,693	(634,580)	(44,823)	5,109,424
ClearPath 2045	4,279,084	99,128	(470,545)	(33,619)	3,874,048
ClearPath 2050	2,779,678	293,172	(309,444)	(23,247)	2,740,159
ClearPath 2055	1,198,006	120,673	(135,807)	(10,031)	1,172,841
ClearPath 2060	161,911	194,482	(17,102)	(1,920)	337,371
	$ 59,235,944	$ 1,117,597	$ (6,513,831)	$ (452,478)	$ 53,387,232

4. **Investments (continued):**

	2021				
	Fund value January 1, 2021	Net investment in fund	Change in fair value	Expenses charged to fund	Fund value December 31 2021
Balanced	$ 4,286,010	$ (140,942)	$ 566,438	$ (40,559)	$ 4,670,947
Canadian equity	1,573,733	(49,803)	387,665	(16,806)	1,894,789
Fixed income	833,919	(31,399)	(20,994)	(6,850)	774,676
Money market	237,518	45,715	305	(2,041)	281,497
SRI balanced	85,922	5,660	10,128	(873)	100,837
American equity	2,230,680	317,663	615,544	(23,587)	3,140,300
International equity	530,285	52,277	40,001	(7,093)	615,470
SRI Canadian equity	188,901	38,061	51,191	(2,070)	276,083
Guaranteed investments	932,152	141,412	10,119	–	1,083,683
ClearPath 2020	10,352,754	(1,291,108)	618,348	(102,109)	9,577,885
ClearPath 2025	8,298,134	(8,523)	684,046	(90,540)	8,883,117
ClearPath 2030	6,384,734	373,267	649,531	(70,861)	7,336,671
ClearPath 2035	5,670,553	170,120	664,416	(62,913)	6,442,176
ClearPath 2040	4,876,945	200,679	716,652	(55,142)	5,739,134
ClearPath 2045	3,456,679	314,207	549,471	(41,273)	4,279,084
ClearPath 2050	2,227,069	227,536	351,533	(26,460)	2,779,678
ClearPath 2055	942,655	119,310	147,173	(11,132)	1,198,006
ClearPath 2060	61,986	86,964	14,087	(1,126)	161,911
	$ 53,170,629	$ 571,096	$ 6,055,654	$ (561,435)	$ 59,235,944

5. **Administrative expenses:**

	2022	2021
Investment management fees	$ 300,816	$ 416,155
Administration fees	75,270	72,760
Consulting fees	32,131	31,405
Insurance	21,231	18,462
Filing fee - Ontario	14,634	14,788
Audit	7,500	6,900
Trustee meetings	–	51
Sundry	896	914
	$ 452,478	$ 561,435

6. Related party transactions:

Administration fees of $75,270 (2021 - $72,760) were paid by the Plan to Canadian Centre for Christian Charities, which is included in administrative expenses in the statement of changes in net assets available for benefits.

7. Financial instruments:

The assets of the plan (as outlined in note 4) are held in individual Member accounts held under the Plan. The asset mix of each Member account is the sole responsibility of the Member.

(a) Fair value:

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining fair value.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Plan's investments were classified as Level 2 as at December 31, 2022. There were no transfers of investments between levels during the year.

(b) Associated risks:

(i) Market risk:

In this defined contribution pension plan, the members direct the investment decisions for the assets in their accounts. As a result, the Plan does not provide the quantitative sensitivity analysis disclosure for market risk.

(ii) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Plan maintains cash on hand for liquidity purposes and to pay administrative expenses and professional fees payable. At December 31, 2022, the Plan had cash in the amount of $44,523 (2021 - $39,078).

7. Financial instruments (continued):

(iii) Credit risk:

Credit risk is the risk of financial loss as a result of the Plan’s counterparties not being able to meet payment obligations as they become due. The Plan’s credit risk concentration is spread among guaranteed interest accounts and investments in pooled segregated fund units.

8. Capital management:

The main objective of the Plan is to assist eligible employees in accumulating savings for their retirement. The Plan fulfills its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the “SIPP”), which is reviewed annually by the Plan Administrator, including the offering of a diversified selection of investment alternatives to its members including broad categories of assets: money market, guaranteed investments, Canadian equities, foreign equities, fixed income, balance funds or target date funds. The Plan manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year’s employee and employer contributions) in accordance with the instructions provided by the respective Plan members. The SIPP was established in March 2003 and last amended October 2020.

Although there are no regulatory requirements relating to the level of net assets, the Plan is required to file annual financial statements with the Financial Services Regulatory Authority of Ontario, under Section 76 of the Regulations to the Pension Benefits Act (Ontario).

9. Statutory disclosure:

The following information is provided in respect of individual investments with a cost or fair value in excess of 1% of the cost or fair value of the Plan, as required by Section 76 of Regulation to the Pension Benefits Act (Ontario):

Fund name	Fund operator	Nature of investments held	Fair value
ClearPath 2020	Fidelity Investments	Target date funds	$ 7,765,859
ClearPath 2025	Fidelity Investments	Target date funds	8,100,638
ClearPath 2030	Fidelity Investments	Target date funds	6,983,236
ClearPath 2035	Fidelity Investments	Target date funds	5,921,496
ClearPath 2040	Fidelity Investments	Target date funds	5,109,424
ClearPath 2045	Fidelity Investments	Target date funds	3,874,048
ClearPath 2050	Fidelity Investments	Target date funds	2,740,159
ClearPath 2055	Fidelity Investments	Target date funds	1,172,841
Balanced	Jarislowsky Fraser	Equity and bonds	3,609,562
Canadian equity	Jarislowsky Fraser	Canadian equities	1,490,276
Fixed income	MFS Investment Management	Canadian bonds	614,906
American equity	MFS Investment Management	U.S. equities	2,671,874
International equity	Sprucegrove Investment Management	International equities	566,455