

**Canadian Council of Christian
Charities Employees Pension
Plan**

Financial Statements
December 31, 2015



March 15, 2016

Independent Auditor's Report

To the Trustees of Canadian Council of Christian Charities Employees Pension Plan

We have audited the accompanying financial statements of the Canadian Council of Christian Charities Employees Pension Plan, which comprise the statement of net assets as at December 31, 2015 and the statement of changes in net assets for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Trustees' responsibility for the financial statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 the auditor's 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, the auditor considers 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 the Trustees, as well as evaluating the overall presentation of the financial statements.

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the net assets of the Canadian Council of Christian Charities Employees Pension Plan as at December 31, 2015 and the changes in net assets for the year then ended in accordance with Canadian accounting standards for pension plans.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Canadian Council of Christian Charities Employees Pension Plan

Statement of Net Assets

As at December 31, 2015

	2015 \$	2014 \$
Assets		
Current assets		
Cash	39,075	42,461
Accounts receivable from member organizations	279,056	282,749
Other accounts receivable	15,962	14,568
	<u>334,093</u>	<u>339,778</u>
Investments (note 5)	<u>39,215,435</u>	<u>36,254,000</u>
	<u>39,549,528</u>	<u>36,593,778</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<u>18,959</u>	<u>17,383</u>
Net assets		
Available for benefits	39,494,492	36,536,748
Available for future expenses	<u>36,077</u>	<u>39,647</u>
	<u>39,530,569</u>	<u>36,576,395</u>
Total liabilities and net assets	<u>39,549,528</u>	<u>36,593,778</u>

Approved on behalf of the Trustees



Trustee



Trustee

The accompanying notes are an integral part of these financial statements.

Canadian Council of Christian Charities Employees Pension Plan

Statement of Changes in Net Assets

For the year ended December 31, 2015

	2015 \$	2014 \$
Investment activities		
Expenses		
Investment management fees	221,693	186,274
Administration fees (note 6)	56,700	56,327
Audit	8,729	8,729
Consulting fees	31,313	28,728
Filing fee - Ontario	8,068	8,701
Legal	21,733	3,567
Insurance	13,986	13,986
Membership communication	2,604	2,949
Sundry	2,339	3,725
Trustee meetings	4,497	5,571
	<u>371,662</u>	<u>318,557</u>
Increase in market value of investments (note 5)	<u>2,350,097</u>	<u>3,637,822</u>
Net gain from investment activity	<u>1,978,435</u>	<u>3,319,265</u>
Members' activities		
Contributions	3,198,801	3,091,532
Funds transferred in	2,133,779	1,778,791
Withdrawals	(4,356,841)	(3,801,636)
Net contributions	<u>975,739</u>	<u>1,068,687</u>
Increase in net assets	<u>2,954,174</u>	<u>4,387,952</u>
Distribution of increase in net assets		
Net assets available for benefits - Beginning of year	36,536,748	32,142,110
Increase in net assets allocated for benefits	2,957,744	4,394,638
Net assets available for benefits - End of year	<u>39,494,492</u>	<u>36,536,748</u>
Net assets available for future expenses - Beginning of year	39,647	46,333
Decrease in net assets available for future expenses	(3,570)	(6,686)
Net assets available for future expenses - End of year	<u>36,077</u>	<u>39,647</u>

The accompanying notes are an integral part of these financial statements.

Canadian Council of Christian Charities Employees Pension Plan

Notes to Financial Statements

December 31, 2015

1 Description of plan

The following description of the Canadian Council of Christian Charities Employees 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 Commission of Ontario and with Canada Revenue Agency under registration number 0446773.

Funds of the Plan are held in trust by Trustees appointed by Canadian Council of 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 Council of Christian Charities as overall administrator.

Great West Life Group Retirement Services (“GRS”) 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. GRS 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.

Income taxes

The Plan is a Registered Pension Trust as defined by the Income Tax Act and is not subject to income taxes.

2 Significant accounting policies

Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for pension plans on a going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and Plan members, on an accrual basis. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal year.

Investments

Investments are stated at year-end market value.

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Assets available for future expenses

The Plan maintains assets which are available for future expenses of the Plan. The assets available for future expenses are monitored and limited in accordance with Trustee approved policy and excess funds will be returned to the assets available for benefits in accordance with the Trustee approved policy.

3 Financial instruments risk management

The objective of the Plan is to achieve medium to long-term growth of its investment portfolio to provide Plan members with growth in their pension benefits.

The Plan's assets are invested in Canadian, American and International equities, balanced funds, fixed income funds, and money market funds (see note 5 for details). These investment choices and allocations are made by the Plan's members, via their personal accounts, from an approved list of investment options established by the Trustees.

The approved list of investment options must comply with the investment policy, as set out in the Statement of Investment Policies and Procedures established and monitored by the Trustees. This list is reviewed semi-annually by the Trustees. Divergence from target asset allocation and the composition of the portfolio is monitored daily by the Plan's Investment Managers.

The day-to-day administration of the Plan's assets and members' accounts are managed by the Plan's contracted record keeper, Group Retirement Services (GRS) at Great West Life.

The Trustees, with assistance from the Plan's Consultant and management, oversee how management monitors compliance with the Plan's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Plan.

The Plan's assets are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Market risk

The Plan's investments are susceptible to market risk which is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Plan's market risk is affected by changes in the level or volatility of market rates or prices, such as interest rates, foreign exchange rates and equity prices.

Interest rate risk

The Plan is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates on interest rate sensitive investments. The interest bearing investment portfolio has guidelines on concentration, duration and distribution which are designed to mitigate the risk of interest rate volatility.

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Currency risk

The Plan holds assets denominated in currencies other than the Canadian dollar, the functional currency. It is therefore exposed to currency risk as the value of the financial instruments denominated in other currencies will fluctuate due to the changes in exchange rates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Credit risk

The Plan takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Plan assesses all counterparties for credit risk before contracting with them.

Liquidity risk

Liquidity risk is the risk that the Plan may be unable to meet payment obligations in a timely manner at a reasonable cost. Management of liquidity seeks to ensure that, even under adverse conditions, the Plan has access to immediate cash necessary to cover benefits payable, withdrawals and other liabilities.

4 Investment fair value measurement

The following classification of investments is intended to describe the objectivity with which the fair value of investments are measured and is not intended to describe the associated risk levels of the investments.

Investments are classified within a hierarchy that prioritizes the inputs to fair value measurement. The hierarchy places the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to inputs not based on observable market data (Level 3). The three levels of the fair value hierarchy are:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs that are observable for the assets or liabilities either directly or indirectly; and
- Level 3 - inputs for assets or liabilities that are not based on observable market data.

The Plan's investments are entirely composed of investments funds, which are classified as Level 2. Funds are valued at the unit values supplied by the investment managers, net of expenses charged to the funds, which represent the underlying net assets available for benefits at fair value, determined using closing market prices, divided by the number of units outstanding. This is the value at which units of the funds can be redeemed or subscribed to by the Plan members as at the reporting date. There has been no change in the valuation methodology during the year ended December 31, 2015.

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5 Investments

The following schedule shows the changes in fund segments and total investments from January 1, 2015 to December 31, 2015. Investments are carried at market value.

The increase in market value of investments reflected in the statement of changes in net assets available for benefits includes interest, dividends and realized and unrealized capital gains and losses from the units held in the investment manager's funds and guaranteed instruments.

Certain components of the investment management fees for 2015 include GST of which a third is claimed as a rebate.

	Fund value January 1 2015 \$	Net investments and/or interfund transfers \$	Increase in market value \$	Expenses charged to Fund \$	Fund value December 31 2015 \$
Funds -					
Balanced	25,880,726	160,686	2,095,313	(268,974)	27,867,751
Canadian Equities	4,177,776	160,845	(104,094)	(40,479)	4,194,048
Fixed Income	2,068,421	(210,028)	58,679	(17,469)	1,899,603
Money Market	546,328	127,101	4,048	(5,325)	672,152
Socially R. Balanced	-	-	2,471	(2,471)	-
Socially R. Multi	255,977	32,324	9,934	-	298,235
American Equities	934,583	527,264	227,002	(15,390)	1,673,459
International Equities	668,375	135,629	59,109	(10,557)	852,556
Ethics Equities	803,414	32,674	(16,638)	(7,467)	811,983
Guaranteed Instruments	918,400	16,505	14,273	(3,530)	945,648
	<u>36,254,000</u>	<u>983,000</u>	<u>2,350,097</u>	<u>(371,662)</u>	<u>39,215,435</u>
2014	<u>31,873,141</u>	<u>1,061,594</u>	<u>3,637,822</u>	<u>(318,557)</u>	<u>36,254,000</u>

6 Related party transactions

Administration fees of \$56,700 (2014 - \$56,327) were paid by the Plan to the Canadian Council of Christian Charities.

7 Management of capital

The capital of the Plan is represented by the net assets available for benefits. The Plan's objective when managing the capital is to safeguard the ability to continue as a going concern in order to maintain adequate assets to support investment activities of the Plan.

Management monitors capital on the basis of the value of net assets available for benefits.

