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**CHALICE (CANADA)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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## INDEPENDENT AUDITORS' REPORT

To The Members of the Board of Directors of  
Chalice (Canada)

We have audited the accompanying financial statements of Chalice (Canada), which comprise the statement of financial position as at June 30, 2014 and the statements of changes in fund balances, operations and cash flows for the year then ended and 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 the auditors' 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 management, 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.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chalice (Canada) as at June 30, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*wbli*

CHARTERED ACCOUNTANTS

Dartmouth, Nova Scotia  
October 30, 2014

**CHALICE (CANADA)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2014**

	General Fund	Community Projects Fund	Urgency Fund	Christmas Fund	Endowment Fund	2014 \$	2013 \$
<b>A S S E T S</b>							
<b>CURRENT ASSETS</b>							
Cash	242,553	-	-	-	-	242,553	2,573,427
Short-term investments (note 3)	2,762,955	-	-	-	-	2,762,955	6,858,857
Prepaid expenses and deposits	20,471	-	-	-	-	20,471	59,587
HST receivable	24,912	-	-	-	-	24,912	22,419
Due from (to) other funds (note 4)	(1,816,857)	704,780	953,688	42,456	115,933	-	-
	1,234,034	704,780	953,688	42,456	115,933	3,050,891	9,514,290
<b>INVESTMENTS (note 3)</b>	10,203,243	-	-	-	-	10,203,243	2,640,039
<b>CAPITAL ASSETS (note 5)</b>	1,748,246	-	-	-	-	1,748,246	1,821,961
	13,185,523	704,780	953,688	42,456	115,933	15,002,380	13,976,290

**LIABILITIES**

<b>CURRENT LIABILITIES</b>							
Accounts payable and accrued liabilities	5,857,134	-	-	-	-	5,857,134	6,586,545
Deferred contributions (note 6)	3,041,737	-	-	-	-	3,041,737	3,101,068
	8,898,871	-	-	-	-	8,898,871	9,687,613

**FUND BALANCES**

Invested in capital assets	1,748,246	-	-	-	-	1,748,246	1,821,961
Restricted	-	704,780	953,688	42,456	115,933	1,816,857	742,247
Unrestricted general	2,538,406	-	-	-	-	2,538,406	1,724,469
	4,286,652	704,780	953,688	42,456	115,933	6,103,509	4,288,677
	13,185,523	704,780	953,688	42,456	115,933	15,002,380	13,976,290

COMMITMENTS (note 7)

APPROVED ON BEHALF OF THE BOARD

Director

  
 Director

**CHALICE (CANADA)**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Unrestricted Funds		Restricted Funds					2013 \$
	General Fund	Invested in Capital Assets	Community Projects Fund	Urgency Fund	Christmas Fund	Endowment Fund	2014 \$	
Fund balances - beginning of year	1,724,469	1,821,961	450,140	170,167	34,007	87,933	4,288,677	4,671,970
Excess (deficiency) of revenues over expenditures	1,103,552	(128,325)	87,447	715,709	8,449	28,000	1,814,832	(383,293)
Investment in capital assets	(54,610)	54,610	-	-	-	-	-	-
Interfund transfers (note 8)	(235,005)	-	167,193	67,812	-	-	-	-
<b>Fund balances - end of year</b>	<b>2,538,406</b>	<b>1,748,246</b>	<b>704,780</b>	<b>953,688</b>	<b>42,456</b>	<b>115,933</b>	<b>6,103,509</b>	<b>4,288,677</b>

**CHALICE (CANADA)**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Community Projects Fund	Urgency Fund	Christmas Fund	Endowment Fund	2014 \$	2013 \$
<b>REVENUES</b>							
Sponsorship contributions	17,919,301	-	-	-	-	17,919,301	17,254,968
Special gift contributions	509,478	-	-	-	-	509,478	457,388
General contributions	905,120	-	-	-	-	905,120	754,403
Community projects fund contributions	-	614,737	-	-	-	614,737	676,488
Urgency fund contributions	-	-	844,500	-	-	844,500	109,707
Christmas donations	-	-	-	545,287	-	545,287	539,902
Endowment contributions	-	-	-	-	28,000	28,000	8,000
Scholarship contributions	9,581	-	-	-	-	9,581	14,328
Catalogue contributions	984,690	-	-	-	-	984,690	972,937
Investment income	241,441	-	-	-	-	241,441	146,471
Unrealized gain (loss) on investments	521,143	-	-	-	-	521,143	(6,354)
Fundraising contributions	418,453	-	-	-	-	418,453	534,987
Prayer ministry contributions	22,355	-	-	-	-	22,355	16,314
Mission trip contributions	71,610	-	-	-	-	71,610	107,562
	21,603,172	614,737	844,500	545,287	28,000	23,635,696	21,587,101
<b>EXPENDITURES</b>							
Program expenditures (see schedule)	18,627,808	527,290	128,791	536,838	-	19,820,727	20,195,344
Marketing expenditures (see schedule)	969,085	-	-	-	-	969,085	884,169
Administrative expenditures (see schedule)	902,727	-	-	-	-	902,727	753,049
Amortization	128,325	-	-	-	-	128,325	137,832
	20,627,945	527,290	128,791	536,838	-	21,820,864	21,970,394
<b>Excess (deficiency) of revenues over expenditures</b>	975,227	87,447	715,709	8,449	28,000	1,814,832	(383,293)

**CHALICE (CANADA)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Community Projects Fund	Urgency Fund	Christmas Fund	Endowment Fund	2014 \$	2013 \$
<b>CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES</b>							
Cash provided from (used in) operations	975,227	87,447	715,709	8,449	28,000	1,814,832	(383,293)
Excess (deficiency) of revenues over expenditures	128,325	-	-	-	-	128,325	137,832
Items in earnings not involving cash	(521,143)	-	-	-	-	(521,143)	6,354
Amortization							
Unrealized (gain) loss on investments	582,409	87,447	715,709	8,449	28,000	1,422,014	(239,107)
Change in non-cash working capital balances							
Prepaid expenses and deposits	39,116	-	-	-	-	39,116	(10,766)
HST receivable	(2,493)	-	-	-	-	(2,493)	4,875
Other receivables	-	-	-	-	-	-	5,860
Accounts payable and accrued liabilities	(729,411)	-	-	-	-	(729,411)	3,244,144
Deferred contributions	(59,331)	-	-	-	-	(59,331)	145,801
	(169,710)	87,447	715,709	8,449	28,000	669,895	3,150,807
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>							
Advances from (to) other funds	1,074,610	(254,640)	(783,521)	(8,449)	(28,000)	-	-
Repayment of promissory note payable	-	-	-	-	-	-	(1,294)
	1,074,610	(254,640)	(783,521)	(8,449)	(28,000)	-	(1,294)
<b>CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES</b>							
Proceeds on disposal of investments	6,953,772	-	-	-	-	6,953,772	2,836,790
Purchase of investments	(9,899,931)	-	-	-	-	(9,899,931)	(5,971,753)
Interfund transfers	(235,005)	167,193	67,812	-	-	-	-
Investment in capital assets	(54,610)	-	-	-	-	(54,610)	(44,731)
	(3,235,774)	167,193	67,812	-	-	(3,000,769)	(3,179,694)
<b>CHANGE IN CASH DURING THE YEAR</b>	(2,330,874)	-	-	-	-	(2,330,874)	(30,181)
<b>CASH - beginning of the year</b>	2,573,427	-	-	-	-	2,573,427	2,603,608
<b>CASH - end of the year</b>	242,553	-	-	-	-	242,553	2,573,427

**CHALICE (CANADA)**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Program expenditures	Marketing expenditures	Administrative expenditures	2014 \$	2013 \$
Advertising and promotion	1,256	51,048	748	53,052	53,485
Bank charges and interest	29,394	135,145	2,969	167,508	126,163
Conferences	2,552	2,219	-	4,771	13,323
Insurance	-	-	18,065	18,065	17,922
Miscellaneous	5,022	13,720	10,782	29,524	28,889
Missions appeals - stipends	-	26,550	-	26,550	21,655
Mission appeals - travel	-	23,124	-	23,124	26,076
Mission trips	55,375	-	-	55,375	96,606
Office	20,003	1,159	130,300	151,462	124,239
Other	412	1,006	2,863	4,281	11,496
Payments to overseas sites	17,125,338	-	-	17,125,338	16,596,463
Postage and courier	124,054	43,321	95,226	262,601	243,478
Prayer Ministry	124,069	-	-	124,069	132,142
Printing	25,136	74,914	24,968	125,018	134,904
Printing and postage - newsletter	-	67,137	-	67,137	65,523
Property taxes	736	-	18,569	19,305	24,366
Professional fees	1,980	41,944	70,809	114,733	59,275
Rent and utilities	20,672	-	18,922	39,594	37,356
Subscriptions and memberships	60	-	2,753	2,813	3,915
Telecommunications	10,232	1,323	20,235	31,790	31,079
Travel and meetings	61,815	5,975	8,473	76,263	62,586
Wages and salaries	1,019,702	480,500	477,045	1,977,247	1,797,757
	<b>18,627,808</b>	<b>969,085</b>	<b>902,727</b>	<b>20,499,620</b>	<b>19,708,698</b>



**CHALICE (CANADA)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**1. NATURE OF OPERATIONS**

The organization was incorporated on June 30, 1992 under the Canada Corporation Act. Chalice (Canada) is a charitable organization whose main purpose is to provide financial sponsorship to children and the aging in developing countries and to advance religion through the promotion of prayer by providing spiritual and educational resources nationally and internationally.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

**Fund Accounting**

Chalice (Canada) follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. The fund reports unrestricted resources and restricted resources for which there is not an appropriate restricted fund.

The Community Projects Fund reports restricted resources that are to be used to provide funding for specific community projects under the following categories: education, nutrition, water, health care, community development and emergency funding.

The Urgency Fund reports only restricted resources that are to be used to provide funding to projects when urgent circumstances arise. Within the Urgency Fund, contributions may be restricted to be used at specific locations. When there is no longer a need for those resources at the specific locations, the remaining resources, which are usually minimal, can be used at any location when urgent circumstances arise. Amounts restricted to specific locations are described in note 7.

The Christmas Fund reports the restricted resources that are to be used in providing additional resources at Christmas time.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported in the General Fund and is used for expenses which achieve the purpose of the Endowment to which it relates.

**Revenue Recognition**

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowments are recognized as revenue in the Endowment Fund.

Unrestricted investment income earned on Endowment Fund resources is recognized as revenue of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

**CHALICE (CANADA)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investments**

Investments include investments in guaranteed investment certificates, equities and mutual fund units.

The investments in guaranteed investment certificates are recorded at principal plus accrued interest, which approximates market value.

Equity investments and mutual fund units are recognized initially at fair value and transaction costs are taken directly to the statement of operations. They are subsequently remeasured at each year end at the fair value on the statement of financial position, with realized and unrealized gains and losses recorded in the statement of operations. Publicly traded securities are valued based on the latest bid prices and pooled funds are valued based on reported unit values. Such indicated fair values do not necessarily represent the realizable value subsequent to year end, which may be more or less than that indicated by market quotations.

**Capital Assets**

Capital assets are stated at cost. Amortization is provided by the diminishing balance method at the following annual rates:

Building	6%
Computer equipment	30%
Computer software	30%
Furniture and equipment	20%

Leasehold improvements are stated at cost and amortization is provided using the straight line method over the term of the lease.

**Impairment of Long-Lived Assets**

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. Any impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

**Income Taxes**

Chalice (Canada) is a registered charitable organization and qualifies for tax-exempt status pursuant to paragraph 149 (1) (f) of the Income Tax Act.

**Contributed Services**

A number of volunteers contribute their time each year. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Allocated Expenses**

Wages and salaries for some employees have been allocated between programming, marketing and administration based on the estimated proportion of time spent by these employees. Of the total wages and salaries of \$1,977,247 (2013 - \$1,797,757), \$547,633 (2013 - \$468,594) was allocated between the three functions, and of this amount, \$180,713 (2013 - \$157,782) was allocated to program expenditures.

**CHALICE (CANADA)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**Financial Instruments**

*Measurement of financial instruments*

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and mutual fund units, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, investments not quoted in an active market and HST receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The carrying values as at June 30, 2014 approximate their fair values due to their relatively short term to maturity.

*Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in the statement of operations. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in the statement of operations.

*Transaction costs*

The organization recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**CHALICE (CANADA)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**3. INVESTMENTS**

SHORT-TERM

Fixed Income - Guaranteed Investment Certificates:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Credit Union, redeemable certificates maturing between November 26, 2014 and March 31, 2015 with yields to maturity of 1.9% to 2.0%. These certificates were all redeemed on July 7, 2014.	<b>1,950,000</b>	-
Credit union, redeemable certificates maturing February 25, 2016 with yields to maturity of 2.1%. These certificates were all redeemed on July 7, 2014.	<b>800,000</b>	-
Credit Union, redeemable certificates with yields to maturity of 1.9% to 2.10%. These certificates were redeemed during the year.	-	5,706,317
Credit Union, non-redeemable certificate with a yield to maturity of 2.9%. The certificate matured during the year.	-	741,246
CIBC, redeemable certificate with a yield to maturity averaging 1.95%. The certificate was redeemed during the year.	-	350,000
Accrued interest	<b>12,955</b>	<b>61,294</b>
	<b><u>2,762,955</u></b>	<b><u>6,858,857</u></b>

**CHALICE (CANADA)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**3. INVESTMENTS (continued)**

LONG-TERM

	2014	2013
	\$	\$
CIBC Investor's Edge, equity investments (original cost - \$2,598,633; 2013 - \$2,498,475)	<b>3,093,580</b>	2,485,549
Investment in mutual funds (original cost - \$126,652; 2013 - \$126,212)	<b>181,975</b>	154,490
Credit Union, redeemable guaranteed investment certificates maturing between February 25, 2016 and June 30, 2017 with yields to maturity of 2.1% to 2.2%.	<b>6,900,000</b>	-
Accrued interest on guaranteed investment certificates	<b>27,688</b>	-
	<b>10,203,243</b>	<b>2,640,039</b>

**4. DUE FROM (TO) OTHER FUNDS**

The transactions of the Community Projects, Urgency, Christmas and Endowment Funds are administered through the main operating and investment accounts of the General Fund. As a result, at June 30, 2014, the balances of the respective funds have been set up as owing from (to) the General Fund. These loans are non-interest bearing, have no set terms of repayment and have been classified as current items on the statement of financial position.

**5. CAPITAL ASSETS**

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	404,671	-	404,671	404,671
Buildings	1,624,827	441,429	1,183,398	1,231,118
Computer equipment	150,453	135,922	14,531	20,758
Computer software	267,709	181,030	86,679	93,744
Furniture and equipment	240,308	182,301	58,007	69,270
Leasehold improvements	6,241	5,281	960	2,400
	<b>2,694,209</b>	<b>945,963</b>	<b>1,748,246</b>	<b>1,821,961</b>

**CHALICE (CANADA)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**6. DEFERRED CONTRIBUTIONS**

Deferred contributions represent sponsorship and other revenue received in the current year that relates to a subsequent year.

The deferred contributions balance is comprised of the following externally restricted amounts for which there is not an appropriate restricted fund:

	2014	2013
	\$	\$
Deferred sponsorship contributions	2,792,717	2,805,446
Deferred fundraising contributions	9,905	5,500
Deferred scholarship contributions	49,895	59,478
Deferred catalogue contributions	189,220	230,644
	<u>3,041,737</u>	<u>3,101,068</u>

Changes in the deferred sponsorship contributions balance are as follows:

	2014	2013
	\$	\$
Beginning balance	2,805,446	2,672,539
Less: amount recognized as revenue during the year	(2,371,267)	(2,344,606)
Add: amount received related to subsequent years	2,358,538	2,477,513
	<u>2,792,717</u>	<u>2,805,446</u>

**7. COMMITMENTS**

The organization is renting office space under a long-term lease expiring in February 2015, the annual rental amount of which is \$10,373.

The organization is leasing office equipment under long-term leases, expiring November 2016 and August 2019, the annual rental of which is \$4,298 and \$5,025 respectively.

The organization has committed funds in the amount of \$1,105,003 to various community projects in the following countries: Bolivia, Cameroon, Chile, Ghana, Guatemala, Haiti, India, Kenya, Paraguay, Peru, and Tanzania. These funds are expected to be paid out as the community projects meet the requirements for the funding to be advanced.

**CHALICE (CANADA)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**7. COMMITMENTS (continued)**

The approximate payout for these community projects within the next three years is as follows:

	\$
2015	911,833
2016	169,010
2017	24,160

With respect to the amounts committed at June 30, 2014, there are amounts committed for which contributions have yet to be received. The Community Project Fund has a balance of \$704,780 while the commitment at June 30, 2014 totals \$1,105,003.

Subsequent to year-end, the organization also committed and approved additional amounts totaling \$78,150 to be paid for community projects in Haiti and Ukraine of which \$30,589 has been paid to date. Considering both the amounts committed at year end and subsequent to year end, the balance of \$478,373 is underfunded but it is anticipated to be adequately funded by contributions to the Community Project Fund over the next three years.

At year end, committed amounts to be paid for disaster relief funds or for critical need purposes to East Africa, Guatemala and the Phillipines total \$812,831. The Urgency Fund has a balance of \$953,688 therefore adequate funds have been set aside for these commitments. The remaining resources of \$140,857 in the Urgency Fund are unrestricted contributions which may be used at any location when urgent circumstances arise.

Subsequent to year-end, the organization committed amounts totaling \$86,702 to be paid for disaster relief funds or for critical need purposes to sites in Chile, Haiti, India, Kenya, Paraguay and the Phillipines. \$85,955 have been paid to date.

**8. INTERFUND TRANSFERS**

During the year, the organization approved interfund transfers from the General Fund to the Community Projects Fund and the Urgency Fund in the amounts of \$167,193 and \$67,812, respectively, to support funding of community projects and urgency projects.

**9. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current year's financial statements presentation.

**10. FINANCIAL INSTRUMENTS**

**Risks and Concentrations**

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at June 30, 2014.

**CHALICE (CANADA)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**10. FINANCIAL INSTRUMENTS (continued)**

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is exposed to interest rate risk and other price risk.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization's short-term and long-term investments in guaranteed investment certificates are subject to cash flow risk as market interest rates fluctuate and the rates available for re-investment upon maturity may vary from time to time. The fixed-rate instruments subject the organization to a fair value risk.

**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. The organization is exposed to other price risk through its investments in equities and mutual fund units.