
Chalice (Canada)
Non-Consolidated Financial Statements
June 30, 2019

	<i>Page</i>
Independent Auditors' Report	
Non-Consolidated Financial Statements	
Non-Consolidated Statement of Financial Position.....	1
Non-Consolidated Statement of Operations.....	2
Non-Consolidated Statement of Changes in Fund Balances.....	3
Non-Consolidated Statement of Cash Flows.....	4
Schedules	
Schedule 1 - Schedule of General Fund Expenditures.....	5
Notes to the Non-Consolidated Financial Statements.....	6

Independent Auditor's Report



To the Board of Chalice (Canada):

Opinion

We have audited the non-consolidated financial statements of Chalice (Canada) (the "Organization"), which comprise the non-consolidated statement of financial position as at June 30, 2019, and the non-consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Organization as at June 30, 2019, and the results of its non-consolidated operations and its non-consolidated cash flows for the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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 non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 these non-consolidated 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 non-consolidated 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 Organization'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 Organization'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 non-consolidated 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

Dartmouth, Nova Scotia

November 7, 2019


MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Chalice (Canada)
Non-Consolidated Statement of Financial Position
As at June 30, 2019

	General Fund	HDP/CP Fund	Urgency Fund	Christmas Fund	Endowment Fund	2019	2018
Assets							
Current							
Cash	1,162,524	-	-	-	-	1,162,524	1,035,502
Short-term investments (Note 3)	3,867,157	-	-	-	-	3,867,157	2,553,195
Prepaid expenses and deposits	29,264	-	-	-	-	29,264	20,512
HST receivable	69,672	-	-	-	-	69,672	121,401
Other receivables	28,226	-	-	-	-	28,226	-
Due from (to) funds (Note 5)	(1,858,772)	1,342,527	303,487	(68,338)	281,096	-	-
	3,298,071	1,342,527	303,487	(68,338)	281,096	5,156,843	3,730,610
Investments (Note 3)	3,987,122	-	-	-	-	3,987,122	5,869,865
Due from Chalice, Inc. (Note 4)	206,347	-	-	-	-	206,347	70,897
Capital assets (Note 6)	4,265,427	-	-	-	-	4,265,427	4,358,567
	11,756,967	1,342,527	303,487	(68,338)	281,096	13,615,739	14,029,939
Liabilities							
Current							
Accounts payable and accrued liabilities (Note 7)	697,179	-	-	-	-	697,179	1,215,533
Deferred contributions (Note 8)	3,556,808	-	-	-	-	3,556,808	3,658,704
	4,253,987	-	-	-	-	4,253,987	4,874,237
Deferred contributions (Note 8)	415,078	-	-	-	-	415,078	349,221
	4,669,065	-	-	-	-	4,669,065	5,223,458
Commitments (Note 9)							
Fund Balances							
Invested in capital assets	4,265,427	-	-	-	-	4,265,427	4,358,567
Restricted	-	1,342,527	303,487	(68,338)	281,096	1,858,772	1,542,095
Unrestricted general	2,822,475	-	-	-	-	2,822,475	2,905,819
	7,087,902	1,342,527	303,487	(68,338)	281,096	8,946,674	8,806,481
	11,756,967	1,342,527	303,487	(68,338)	281,096	13,615,739	14,029,939

Approved on behalf of the Board of Directors

 Director


 Director

The accompanying notes are an integral part of these financial statements

Chalice (Canada)
Non-Consolidated Statement of Operations
For the year ended June 30, 2019

	General Fund	HDP/CP Fund	Urgency Fund	Christmas Fund	Endowment Fund	2019	2018
Revenues							
Sponsorship contributions	21,376,205	-	-	-	-	21,376,205	21,076,097
Special gift contributions	872,935	-	-	-	-	872,935	768,237
General contributions	1,296,335	-	-	-	-	1,296,335	973,945
Community projects fund contributions	-	1,137,562	-	-	-	1,137,562	956,584
Urgency fund contributions	-	-	351,056	-	-	351,056	325,217
Christmas donations	-	-	-	511,436	-	511,436	607,683
Endowment contributions	-	-	-	-	53,958	53,958	8,000
Catalogue contributions	1,810,205	-	-	-	-	1,810,205	1,086,466
Investment income	227,378	-	-	-	-	227,378	213,481
Unrealized gain (loss) on investments	67,390	-	-	-	-	67,390	(95,201)
Realized gain (loss) on disposal of investments	(76,674)	-	-	-	-	(76,674)	-
Fundraising contributions and other revenues	941,029	-	-	-	-	941,029	995,777
Prayer ministry contributions	4,432	-	-	-	-	4,432	3,936
Mission trip contributions	139,597	-	-	-	-	139,597	80,322
	26,658,832	1,137,562	351,056	511,436	53,958	28,712,844	27,000,544
Expenditures							
Program expenditures (Schedule 1)	23,712,511	937,417	356,504	546,334	-	25,552,766	25,318,474
Marketing expenditures (Schedule 1)	1,683,483	-	-	-	-	1,683,483	1,676,231
Administrative expenditures (Schedule 1)	1,127,053	-	-	-	-	1,127,053	1,204,680
Amortization	-	-	-	-	-	209,349	219,885
	26,523,047	937,417	356,504	546,334	-	28,572,651	28,419,270
Excess (deficiency) of revenue over expenditures	135,785	200,145	(5,448)	(34,898)	53,958	140,193	(1,418,726)

The accompanying notes are an integral part of these financial statements

Chalice (Canada)
Non-Consolidated Statement of Changes in Fund Balances
For the year ended June 30, 2019

	General Fund	Invested in Capital Assets	HDP/CP Fund	Urgency Fund	Christmas Fund	Endowment Fund	2019	2018
Fund balances, beginning of year	2,905,819	4,358,567	1,039,462	308,935	(33,440)	227,138	8,806,481	10,225,207
Excess (deficiency) of revenue over expenditures	135,785	(209,349)	200,145	(5,448)	(34,898)	53,958	140,193	(1,418,726)
Investment in capital assets	(116,209)	116,209	-	-	-	-	-	-
Interfund transfer (Note 10)	(102,920)	-	102,920	-	-	-	-	-
Fund balances, end of year	2,822,475	4,265,427	1,342,527	303,487	(68,338)	281,096	8,946,674	8,806,481

The accompanying notes are an integral part of these financial statements

Chalice (Canada)
Non-Consolidated Statement of Cash Flows
For the year ended June 30, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenditures	140,193	(1,418,726)
Amortization	209,349	219,885
Realized loss on disposal of investments	76,674	-
Unrealized (gain) loss on investments	(67,390)	95,201
	358,826	(1,103,640)
Changes in working capital accounts		
Prepaid expenses and deposits	(8,752)	5,128
HST receivable	51,729	(68,390)
Other receivables	(28,226)	-
Accounts payable and accrued liabilities	(518,354)	370,247
Deferred contributions	(36,039)	537,737
	(180,816)	(258,918)
Investing		
Net advances to a related party	(135,450)	(70,618)
Proceeds on disposal of investments	2,767,653	3,337,901
Purchase of investments	(2,208,156)	(2,410,916)
Investment in capital assets	(116,209)	(130,235)
	307,838	726,132
Change in cash during the year	127,022	467,214
Cash, beginning of year	1,035,502	568,288
Cash, end of year	1,162,524	1,035,502

The accompanying notes are an integral part of these financial statements

Chalice (Canada)
Schedule 1 - Non-Consolidated Schedule of General Fund Expenditures
For the year ended June 30, 2019

	Program Expenditures	Marketing Expenditures	Administrative Expenditures	2019	2018
General Fund Expenditures					
Paid to Projects - Unrestricted Funds	21,986,033	-	-	21,986,033	21,263,219
Wages and salaries	1,232,861	981,082	575,601	2,789,544	2,709,119
Postage and courier	133,802	110,010	67,536	311,348	302,693
Bank charges and interest	21,534	256,152	5,320	283,006	253,693
Office	6,305	4,154	187,770	198,229	190,036
Mission trips	132,178	-	-	132,178	130,094
Printing	20,097	78,694	18,069	116,860	142,959
Travel and meetings	66,849	23,410	6,528	96,787	92,821
Printing and postage - newsletter	-	82,869	-	82,869	88,144
Professional fees	7,292	2,280	46,159	55,731	72,509
Rent and utilities	7,916	-	58,378	66,294	67,298
Property Taxes	-	-	86,655	86,655	88,430
Miscellaneous	2,914	21,077	14,476	38,467	55,949
Other	3,373	2,893	6,860	13,126	9,242
Advertising and promotion	-	64,549	-	64,549	54,030
Prayer ministry	91,236	-	-	91,236	71,951
Telecommunications	15	-	27,183	27,198	27,966
Mission appeals - stipends	-	22,315	-	22,315	24,100
Insurance	-	-	26,518	26,518	26,022
Conferences	106	7,784	-	7,890	10,517
Mission appeals - travel	-	26,214	-	26,214	17,688
	23,712,511	1,683,483	1,127,053	26,523,047	25,698,480

1. Incorporation and nature of the organization

Chalice (Canada) (the "Organization") was incorporated on June 30, 1992 under the Canada Corporation Act and is a registered charitable organization and qualifies for tax-exempt status pursuant to paragraph 149 (1) (f) of the Income Tax Act.

The Organization's 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.

The Organization controls a related entity, Chalice, Inc. Related party transactions are disclosed in note 4.

These non-consolidated financial statements reflect the assets, liabilities and operations of the Organization. The non-consolidated financial statements do not reflect the assets, liabilities, and operations of Chalice, Inc. The financial statements of Chalice, Inc. are readily available to management.

2. Significant accounting policies

The non-consolidated 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

The Organization follows the restricted fund method of accounting for contributions, and maintains five funds: General Fund, Human Development Programs and Capital Projects Fund (HDP/CP Fund), Urgency Fund, Christmas Fund and Endowment Fund, .

The General Fund reports 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 Human Development Programs and Capital Projects Fund (HDP/CP Fund) reports the Organization's 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 the Organization's 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 9.

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

The Endowment Fund reports the Organization's 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

The Organization uses the restricted fund method of accounting for contributions. 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. Rental revenue is recognized on a monthly basis as it is earned.

Endowment contributions are recognized as revenue in the Endowment Fund when funds are received.

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

2. **Significant accounting policies** *(Continued from previous page)*

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 their fair value on the statement of financial position, with 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

Purchased capital assets are recorded at cost. Amortization is provided using the diminishing balance method at the following annual rates intended to amortize the cost of assets over their estimated useful lives:

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

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

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.

Allocation of 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. For the total wages and salaries of \$2,789,544 (2018 - \$2,709,119), \$729,258 (2018 - \$934,293) was allocated between the three functions, and of this amount, \$286,366 (2018 - \$359,280) was allocated to program expenditures.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Other receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2019

2. **Significant accounting policies** *(Continued from previous page)*

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, except for certain non-arm's length transactions which are measured at the exchange amount.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of unquoted equity instruments of another entity, are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenditures for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

Financial asset impairment:

The Organization assesses impairment of all of its financial assets measured at amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenditures.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenditures in the year the reversal occurs.

3. **Investments**

SHORT-TERM

Fixed Income - Guaranteed Investment Certificates:

	2019	2018
Credit Union, redeemable guaranteed investment certificates, maturing between February 5, 2020 and April 18, 2020, with yields to maturity of 2.05% to 2.35%	3,840,829	2,548,100
Accrued interest on guaranteed investment certificates	26,329	5,095
	3,867,158	2,553,195

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2019

3. Investments (Continued from previous page)

LONG-TERM

	2019	2018
CIBC Investor's Edge, equity investments (cost - \$2,092,862; 2018 - \$2,251,985)	2,068,082	2,152,248
Investment in mutual funds (cost - \$170,039; 2018 - \$163,859)	218,720	221,491
Credit Union, redeemable guaranteed investment certificates, maturing on June 27, 2021, with a yield to maturity of 2.10%	500,000	3,469,700
Scotiabank, redeemable guaranteed investment certificates, maturing between June 28, 2021 and June 28, 2022, with yields to maturity between 2.36% and 2.38%	1,200,000	-
Accrued interest on guaranteed investment certificates	320	26,425
	3,987,122	5,869,864

4. Related party transactions

The following table summarizes the company's related party transactions for the year:

	2019	2018
Administration fees charged to Chalice, Inc., a commonly controlled entity	18,103	9,292
Professional fees paid on behalf of Chalice, Inc., a commonly controlled entity	-	5,327
	18,103	14,619

These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of the consideration established and agreed to by the related parties.

At the end of the year, the long-term amount due from a related party is as follows:

	2019	2018
Due from Chalice, Inc., a commonly controlled entity	206,347	70,897

This amount bears no interest and has no fixed terms of repayments. Management has waived the right to demand repayment in the next fiscal year and, accordingly, this loan has been classified as long-term.

5. Due from (to) funds

The transactions of the HDP / CP, Urgency, Christmas and Endowment Funds are administered through the main operating and investment accounts of the General Fund. As a result, at June 30, 2019, 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.

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2019

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2019 Net book value</i>	<i>2018 Net book value</i>
Land	1,273,174	-	1,273,174	1,273,174
Buildings	4,190,891	1,285,019	2,905,872	2,982,864
Computer equipment	169,332	155,200	14,132	6,739
Computer software	323,742	293,067	30,675	43,822
Furniture and equipment	282,019	240,445	41,574	51,968
	6,239,158	1,973,731	4,265,427	4,358,567

Buildings include an asset with a cost of \$2,554,229 (2018 - \$2,449,095) and accumulated amortization of \$527,649 (2018 - \$401,648) of which approximately 24% (2018 - 30%) of the building is currently being leased to a third party. The related rental revenue of \$46,130 (2018 - \$124,265) is included in 'Fundraising contributions and other revenues' on the Statement of Operations.

Also included in buildings is an asset with a cost of \$1,636,662 (2018 - \$1,636,662) and accumulated amortization of \$757,370 (2018 - \$701,245) of which approximately 28% (2018 - 16%) of the building is currently being leased to a third party. The related rental revenue of \$39,347 (2018 - \$2,968) is included in 'Fundraising contributions and other revenues' on the Statement of Operations.

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$32,480 (2018 - \$32,483).

8. Deferred contributions

Deferred contributions represent sponsorship and other revenue received in the current year that relate to subsequent years. Deferred contributions which relate to periods greater than one year have been presented as long-term.

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

	<i>2019</i>	<i>2018</i>
Deferred sponsorship contributions	3,140,843	3,041,537
Deferred catalogue contributions	783,463	918,808
Deferred scholarship contributions	47,580	47,580
	3,971,886	4,007,925
Less: long-term portion	415,078	349,221
	3,556,808	3,658,704

Changes in the deferred sponsorship contributions balance are as follows:

	<i>2019</i>	<i>2018</i>
Balance, beginning of year	3,041,537	3,036,260
Less: amount recognized as revenue during the year	(2,692,316)	(2,695,150)
Add: amount received during the year	2,791,622	2,700,427
Balance, end of year	3,140,843	3,041,537

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2019

8. Deferred contributions *(Continued from previous page)*

Changes in the deferred catalogue contributions balance are as follows:

	2019	2018
Balance, beginning of year	918,808	386,348
Less: amount recognized as revenue during the year	(1,814,233)	(1,086,466)
Add: amount received during the year	1,678,888	1,618,926
Balance, end of year	783,463	918,808

9. Commitments

The Organization is leasing office equipment under a long-term lease, expiring August 2019, the annual rental of which is \$5,025.

The Organization entered into a long-term office equipment lease subsequent to June 30, 2019, beginning September 2019 and expiring February 2025, with the annual rental being \$4,968.

Community projects

The Organization has committed funds in the amount of \$560,512 to various community projects in the following countries: Bolivia, Peru, Philippines, India, Kenya, Tanzania, Paraguay and Ukraine. These funds are expected to be paid out as the community projects meet the requirements for the funding to be advanced.

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

2020	545,446
2021	15,066

At year end, the Organization committed amounts to be paid for community project purposes totaling \$560,512. The HDP / CP Fund has a balance of \$1,342,527; therefore, adequate funds have been set aside for these commitments. The remaining resources of \$782,015 in the HDP / CP Fund are unrestricted community project contributions which may be used at any location when circumstances arise.

Subsequent to year-end, the organization also committed and approved additional amounts totaling \$170,782 to be paid for a community projects in Haiti, India, Paraguay and Tanzania. No amount has been paid as of the report date.

Disaster relief funds and critical needs

In prior year, the Organization committed amounts to be paid for disaster relief funds or for critical need purposes to Haiti totaling \$98,665. The full balance is still committed as of June 30, 2019. The Urgency Fund has a balance of \$303,487; therefore, adequate funds have been set aside for these commitments. The remaining resources of \$204,822 in the Urgency Fund are unrestricted disaster relief or critical need contributions which may be used at any location when urgent circumstances arise.

Subsequent to year-end, the Organization committed amounts totaling \$12,841 to be paid for disaster relief funds or for critical need purposes to sites in Cameroon, Haiti and Ukraine. The full amount has been paid as of the report date.

10. Interfund transfers

During the year, the Organization approved an interfund transfer from the General Fund to the HDP / CP Fund in the amount of \$102,920 to support funding of community projects.

11. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2019

11. **Financial instruments** *(Continued from previous page)*

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and investments held by financial institutions. To minimize the risk, the Organization holds cash with high quality Canadian banks.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to its guaranteed investment certificates, which are subject to floating interest rates, and the rates available for re-investment upon maturity may vary from time to time. The Organization is subject to a fair value risk on its fixed-rate instruments.

Other price risk

Other price risk is the risk that the fair value of 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.

12. **Non-monetary contributions**

In the current year, the Organization received \$485,807 of donated stocks based on fair market value for which the date they were received. Revenues realized from these non-monetary transactions totaled \$487,813 and are measured at the carrying amount of the asset given up, adjusted by the fair value of the monetary consideration. A gain of \$2,006 associated with these transactions has been recorded in excess of revenue over expenditures for the year.

13. **Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

14. **Unconsolidated not-for-profit organization**

Chalice, Inc. was incorporated under the State Department of Assessments and Taxation of Maryland at Baltimore on October 14, 2009. It is a non-stock corporation charitable organization, Tax Exempt under section 501 (c) (3) of the Internal Revenue Code of 1986. Chalice, Inc.'s 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.

Summary of unaudited financial information of Chalice, Inc. as at June 30, 2019 and June 30, 2018 is as follows:

	<i>2019</i>	<i>2018</i>
	<i>US \$</i>	<i>US \$</i>
Financial Position		
Total assets	155,402	70,802
Total liabilities	183,665	77,635
Total net assets	(28,263)	(6,833)

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2019

14. **Unconsolidated not-for-profit subsidiary** *(Continued from previous page)*

	2019	2018
	<i>US \$</i>	<i>US \$</i>
Results of Operations		
Total revenue	148,509	93,753
Total expenses	169,940	147,992
<hr/>		
Deficiency of revenue over expenses	(21,431)	(54,239)
<hr/>		
Cash Flows Provided by (Used in):		
Operating activities	(16,924)	(39,352)
Financing activities	101,523	57,635
<hr/>		
Increase in cash	84,599	18,283
<hr/>		