
CHALICE (CANADA)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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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 statements of financial position as at June 30, 2013, June 30, 2012 and July 1, 2011, and the statements of changes in fund balances, operations and cash flows for the years ended June 30, 2013 and June 30, 2012, 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 audits. We conducted our audits 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 in our audits 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, 2013, June 30, 2012 and July 1, 2011, and the results of its operations and its cash flows for the years ended June 30, 2013 and June 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

W B L I

CHARTERED ACCOUNTANTS

Dartmouth, Nova Scotia
October 25, 2013

Dartmouth Office

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CHALICE (CANADA)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2013

	General Fund	Community Projects Fund	Urgency Fund	Christmas Fund	Endowment Fund	2013 \$	2012 \$
ASSETS							
CURRENT ASSETS							
Cash	2,573,427	-	-	-	-	2,573,427	2,603,608
Short term investments (note 5)	6,858,857	-	-	-	-	6,858,857	1,312,775
Prepaid expenses and deposits	59,587	-	-	-	-	59,587	48,821
HST receivable	22,419	-	-	-	-	22,419	27,294
Other receivables	-	-	-	-	-	-	5,860
Due from (to) other funds (note 6)	(742,248)	450,140	170,168	34,007	87,933	-	-
	8,772,042	450,140	170,168	34,007	87,933	9,514,290	3,998,358
INVESTMENTS (note 5)	2,640,039	-	-	-	-	2,640,039	5,057,512
CAPITAL ASSETS (note 7)	1,821,961	-	-	-	-	1,821,961	1,915,062
	13,234,042	450,140	170,168	34,007	87,933	13,976,290	10,970,932
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable and accrued liabilities	6,586,545	-	-	-	-	6,586,545	3,342,402
Deferred contributions (note 8)	3,101,068	-	-	-	-	3,101,068	2,955,266
Current portion of promissory note payable	-	-	-	-	-	-	1,294
	9,687,613	-	-	-	-	9,687,613	6,298,962
FUND BALANCES							
Invested in capital assets	1,821,961	-	-	-	-	1,821,961	1,913,767
Restricted	-	450,140	170,168	34,007	87,933	742,248	1,361,955
Unrestricted general	1,724,468	-	-	-	-	1,724,468	1,396,248
	3,546,429	450,140	170,168	34,007	87,933	4,288,677	4,671,970
	13,234,042	450,140	170,168	34,007	87,933	13,976,290	10,970,932
COMMITMENTS (note 9)							

APPROVED ON BEHALF OF THE BOARD


 Director

Director

CHALICE (CANADA)
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Unrestricted Funds		Restricted Funds				
	General Fund	Invested in Capital Assets	Community Projects Fund	Urgency Fund	Christmas Fund	Endowment Fund	2012 \$
Fund balances - beginning of year	1,396,248	1,913,767	426,518	806,667	48,837	79,933	3,577,433
Excess (deficiency) of revenues over expenditures	544,304	(137,832)	(207,067)	(575,868)	(14,830)	8,000	1,094,537
Investment in capital assets	(46,026)	46,026	-	-	-	-	-
Interfund transfers (note 10)	(170,058)	-	230,689	(60,631)	-	-	-
Fund balances - end of year	1,724,468	1,821,961	450,140	170,168	34,007	87,933	4,671,970

CHALICE (CANADA)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Community Projects Fund	Urgency Fund	Christmas Fund	Endowment Fund	2013 \$	2012 \$
REVENUES							
Sponsorship contributions	17,254,968	-	-	-	-	17,254,968	16,699,168
Special gift contributions	457,388	-	-	-	-	457,388	469,135
General contributions	754,403	-	-	-	-	754,403	769,943
Community projects fund contributions	-	676,488	-	-	-	676,488	242,229
Urgency fund contributions	-	-	109,707	-	-	109,707	734,944
Christmas donations	-	-	-	539,902	-	539,902	467,915
Endowment contributions	-	-	-	-	8,000	8,000	5,000
Scholarship contributions	14,328	-	-	-	-	14,328	17,031
Catalogue contributions	972,938	-	-	-	-	972,938	1,022,409
Investment income	140,117	-	-	-	-	140,117	121,637
Fundraising contributions	534,987	-	-	-	-	534,987	515,603
Prayer ministry contributions	16,314	-	-	-	-	16,314	14,284
Mission trip contributions	107,563	-	-	-	-	107,563	5,067
	20,253,006	676,488	109,707	539,902	8,000	21,587,103	21,084,365
EXPENDITURES							
Program expenditures (see schedule)	18,071,482	883,555	685,575	554,732	-	20,195,344	18,210,662
Marketing expenditures (see schedule)	884,169	-	-	-	-	884,169	848,397
Administrative expenditures (see schedule)	753,051	-	-	-	-	753,051	775,040
Amortization	137,832	-	-	-	-	137,832	155,729
	19,846,534	883,555	685,575	554,732	-	21,970,396	19,989,828
Excess (deficiency) of revenues over expenditures	406,472	(207,067)	(575,868)	(14,830)	8,000	(383,293)	1,094,537

CHALICE (CANADA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Community Projects Fund	Urgency Fund	Christmas Fund	Endowment Fund	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash provided from (used in) operations	406,472	(207,067)	(575,868)	(14,830)	8,000	(383,293)	1,094,537
Excess (deficiency) of revenues over expenditures	137,832	-	-	-	-	137,832	155,729
Items in earnings not involving cash	544,304	(207,067)	(575,868)	(14,830)	8,000	(245,461)	1,250,266
Amortization	(10,766)	-	-	-	-	(10,766)	6,822
Change in non-cash working capital balances	4,875	-	-	-	-	4,875	647
Prepaid expenses and deposits	5,860	-	-	-	-	5,860	(5,860)
HST receivable	3,244,143	-	-	-	-	3,244,143	1,445,702
Other receivables	145,802	-	-	-	-	145,802	116,608
Accounts payable and accrued liabilities	3,934,218	(207,067)	(575,868)	(14,830)	8,000	3,144,453	2,814,185
Deferred contributions	(619,707)	(23,622)	636,499	14,830	(8,000)	-	-
	(1,294)	-	-	-	-	(1,294)	(14,872)
Repayment of promissory note payable	(621,001)	(23,622)	636,499	14,830	(8,000)	(1,294)	(14,872)
CASH FLOWS USED IN FINANCING ACTIVITIES							
Increase (decrease) in due from (to) other funds	2,836,790	-	-	-	-	2,836,790	4,938,613
Repayment of promissory note payable	(5,971,753)	-	-	-	-	(5,971,753)	(5,420,796)
	(170,058)	230,689	(60,631)	-	-	-	-
Adjustment of investments to market value	6,354	-	-	-	-	6,354	4,606
Investment in capital assets	(44,731)	-	-	-	-	(44,731)	(45,282)
	(3,343,398)	230,689	(60,631)	-	-	(3,173,340)	(522,859)
CHANGE IN CASH DURING THE YEAR	(30,181)	-	-	-	-	(30,181)	2,276,454
CASH - beginning of the year	2,603,608	-	-	-	-	2,603,608	327,154
CASH - end of the year	2,573,427	-	-	-	-	2,573,427	2,603,608

CHALICE (CANADA)
SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

	Program expenditures	Marketing expenditures	Administrative expenditures	2013 \$	2012 \$
Advertising and promotion	730	50,948	1,807	53,485	35,728
Bank charges and interest	27,389	96,555	2,220	126,164	112,566
Conferences	83	13,240	-	13,323	455
Insurance	-	-	17,922	17,922	19,746
Miscellaneous	9,769	12,000	7,121	28,890	35,877
Missions appeals - stipends	-	21,655	-	21,655	16,513
Mission appeals - travel	-	26,076	-	26,076	29,494
Mission trips	96,606	-	-	96,606	-
Office	23,995	3,647	96,597	124,239	126,290
Other	4,992	3,304	3,201	11,497	8,559
Payments to overseas sites	16,596,463	-	-	16,596,463	16,104,724
Postage and courier	127,143	43,536	72,798	243,477	267,110
Prayer Ministry	132,142	-	-	132,142	78,803
Printing	28,585	84,478	21,841	134,904	129,621
Printing and postage - newsletter	-	65,523	-	65,523	64,996
Property taxes	2,943	-	21,423	24,366	16,345
Professional fees	966	8,325	49,984	59,275	68,379
Rent and utilities	19,610	-	17,747	37,357	36,811
Telecommunications	9,099	2,196	19,785	31,080	32,467
Travel and meetings	53,260	2,606	6,721	62,587	52,010
Wages and salaries	937,647	448,110	411,999	1,797,756	1,626,629
Subscriptions and memberships	60	1,970	1,885	3,915	1,876
	18,071,482	884,169	753,051	19,708,702	18,864,999

CHALICE (CANADA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 9.

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, 2013

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.

CHALICE (CANADA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$1,797,756 (2012 - \$1,626,629), \$468,594 (2012 - \$282,276) was allocated between the three functions, and of this amount, \$157,782 (2012 - \$81,064) was allocated to program expenditures.

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, HST receivable, and other receivables. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and promissory note payable. The carrying values as at June 30, 2013 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, 2013

3. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Chalice (Canada) is a not-for-profit organization and was incorporated under the laws of the Canada Corporation Act on June 30, 1992. The organization has elected to apply the Canadian accounting standards for not-for-profit organizations, under Part III of the *Canadian Institute of Chartered Accountants' (CICA) Handbook*, in accordance with Canadian generally accepted accounting principles. These financial statements are the first financial statements for which the organization has applied the Canadian accounting standards for not-for-profit organizations.

As these financial statements are the first financial statements for which the organization has applied the Canadian accounting standards for not-for-profit organizations, the financial statements have been prepared in accordance with the provisions set out in *First-time Adoption by Not-For-Profit Organizations*, Section 1501 of Part III of the *Canadian Institute of Chartered Accountants' (CICA) Handbook*, for first-time adopters of this basis of accounting.

The organization is required to apply Part III for the year ending June 30, 2013. At the time of adoption, the organization would account for any material change as a result of adopting the framework as an adjustment to its fund balances at the date of transition, which is July 1, 2011.

The organization is required to apply Part III for its year ending on June 30, 2013 in:

- a) preparing and presenting its opening statement of financial position at July 1, 2011; and
- b) preparing and presenting its statement of financial position for June 30, 2013 (including comparative amounts for 2012), statement of operations, statement of changes in fund balances, and statement of cash flows for the year ended (including comparative figures for 2012) and disclosures (including comparative figures for 2012).

The adoption of the Canadian accounting standards for not-for-profit organizations did not result in any adjustments to the opening fund balances at July 1, 2011. The comparative statements of operations and cash flows for the year ended June 30, 2012 also did not change from those previously reported. The notes to the financial statements do not include the balances as at July 1, 2011 because there were no changes at the date of transition. There were no changes to the statement of cash flows.

CHALICE (CANADA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

3. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS
(continued)

TRANSITION OPENING STATEMENT OF FINANCIAL POSITION

	Statement of Financial Position as at July 1, 2011, as previously reported \$	Adjustments \$	ASNPO Statement of Financial Position as at July 1, 2011 \$
ASSETS			
CURRENT ASSETS			
Cash	327,154	-	327,154
Short term investments	4,385,755	-	4,385,755
Prepaid expenses and deposits	55,643	-	55,643
HST receivable	27,940	-	27,940
	4,796,492	-	4,796,492
INVESTMENTS	1,506,955	-	1,506,955
CAPITAL ASSETS	2,025,508	-	2,025,508
TOTAL ASSETS	8,328,955	-	8,328,955
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	1,896,701	-	1,896,701
Deferred contributions	2,838,658	-	2,838,658
Current portion of promissory note payable	14,871	-	14,871
	4,750,230	-	4,750,230
PROMISSORY NOTE PAYABLE	1,294	-	1,294
TOTAL LIABILITIES	4,751,524	-	4,751,524

CHALICE (CANADA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

3. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS (continued)

TRANSITION OPENING STATEMENT OF FINANCIAL POSITION (continued)

	Statement of Financial Position as at July 1, 2011, as previously reported	Adjustments	ASNPO Statement of Financial Position as at July 1, 2011
	\$	\$	\$
FUND BALANCES			
Invested in capital assets	2,009,342	-	2,009,342
Restricted	559,224	-	559,224
Unrestricted general	1,008,865	-	1,008,865
	<hr/>		<hr/>
TOTAL FUND BALANCES	3,577,431	-	3,577,431
	<hr/>		<hr/>
TOTAL LIABILITIES AND FUND BALANCES	8,328,955	-	8,328,955
	<hr/>		<hr/>

4. 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, 2013.

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.

CHALICE (CANADA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

4. FINANCIAL INSTRUMENTS (continued)

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.

5. INVESTMENTS

SHORT-TERM

Fixed Income - Guaranteed Investment Certificates:

	2013	2012
	\$	\$
Credit Union, redeemable certificates maturing between January 24, 2014 and March 12, 2014 with yields to maturity of 1.9% to 2.10%.	5,006,317	-
Credit Union, redeemable certificate maturing October 2013 with a yield to maturity of 1.9%.	700,000	-
Credit Union, non-redeemable certificate maturing June 2014 with a yield to maturity of 2.9% (2012 - 2.9%).	741,246	-
CIBC, redeemable certificate maturing November 2013 with a yield to maturity averaging 1.95% (2012 - averaging 1.95%).	350,000	-
CIBC, redeemable certificates with yields to maturity of 1.25% to 1.55%. These certificates were redeemed during the year.	-	1,000,000
Credit Union, non-redeemable certificate with a yield to maturity of 2.35%. This certificate was redeemed during the year.	-	300,000
Accrued interest	61,294	12,775
	<u>6,858,857</u>	<u>1,312,775</u>

CHALICE (CANADA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

5. INVESTMENTS (continued)

LONG-TERM

	2013	2012
	\$	\$
CIBC Investor's Edge, equity investments (original cost - \$2,498,475; 2012 - nil).	2,485,549	-
Credit Union, redeemable guaranteed investment certificates maturing between January and March 2014 with yields to maturity of 2.1%.	-	3,800,000
Credit Union, non-redeemable certificate maturing June 2014 with a yield to maturity of 2.9%.	-	720,356
CIBC, redeemable certificate maturing November 2013 with a yield to maturity averaging 1.95%.	-	350,000
Accrued interest	-	40,468
	2,485,549	4,910,824
Investment in mutual funds (original cost - \$126,212; 2012 - \$124,982).	154,490	146,688
	2,640,039	5,057,512

6. 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, 2013, 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

7. CAPITAL ASSETS

			2013	2012
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	404,671	-	404,671	404,671
Buildings	1,597,871	366,753	1,231,118	1,309,700
Computer equipment	150,453	129,695	20,758	13,429
Computer software	242,935	149,191	93,744	109,498
Furniture and equipment	237,429	168,159	69,270	73,923
Leasehold improvements	6,241	3,841	2,400	3,841
	2,639,600	817,639	1,821,961	1,915,062

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent sponsorship 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:

	2013	2012
	\$	\$
Deferred sponsorship contributions	2,805,446	2,672,539
Deferred fundraising contributions	5,500	-
Deferred scholarship contributions	59,476	73,804
Deferred catalogue contributions	230,646	208,923
	3,101,068	2,955,266

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8. DEFERRED CONTRIBUTIONS (continued)

Changes in the deferred sponsorship contributions balance are as follows:

	2013	2012
	\$	\$
Beginning balance	2,672,539	2,511,774
Less: amount recognized as revenue in the year	(2,344,606)	(2,233,678)
Add: amount received related to next year	2,477,513	2,394,443
	2,805,446	2,672,539

9. COMMITMENTS

The organization is renting office space under a long-term lease expiring in February 2015. The annual rental amounts are between \$9,878 and \$10,373 during the lease period.

The organization is leasing office equipment under long-term leases, expiring January 2014 and November 2016, the annual rental of which is \$8,227 and \$4,298 respectively.

The organization has committed funds in the amount of \$1,054,938 to various community projects in the following countries: Bolivia, Ghana, Guatemala, Haiti, India, Kenya, Paraguay, Peru, Philippines, and Tanzania. 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 four years is as follows:

\$	
2014	565,760
2015	267,614
2016	183,903
2017	37,661

With respect to the amounts committed at June 30, 2013, there are amounts committed for which contributions have yet to be received. The Community Project Fund has a balance of \$450,140 while the commitment at June 30, 2013 totals \$1,054,938, therefore the balance of \$604,798 is underfunded but it is anticipated to be adequately funded by contributions to the Community Project Fund over the next four years.

Subsequent to year-end, the organization committed and approved amounts totaling \$286,310 to be paid for community project programs in Cameroon, Chile, and Peru. To date, no payments have been made for these commitments.

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9. COMMITMENTS (continued)

At year end, committed amounts to be paid for disaster relief funds or for critical need purposes to East Africa and Guatemala total \$26,404. The Urgency Fund has a balance of \$170,168, therefore adequate funds have been set aside for these commitments. The remaining resources of \$143,764 in the Urgency Fund may be used at any location when urgent circumstances arise.

Subsequent to year-end, the organization committed amounts totaling \$49,108 to be paid for disaster relief funds or for critical need purposes to sites in Bolivia, Chile, India and Paraguay. These amounts were paid subsequent to year end.

10. INTERFUND TRANSFERS

During the year, the organization approved interfund transfers from the General Fund and Urgency Fund to the Community Projects fund in the amounts of \$170,058 and \$60,631, respectively, to support funding of community projects.

11. COMPARATIVE FIGURES

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