

CENTRE FOR CHRISTIAN STUDIES CANADA INC.

Financial Statements

Year Ended December 31, 2019

Draft for discussion purposes only

Completed by	Reviewed by
PL 2/18/20	SV 2/21/20

CENTRE FOR CHRISTIAN STUDIES CANADA INC.
Index to Financial Statements
Year Ended December 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Operating Fund - Operating Revenues and Expenditures (<i>Schedule 1</i>)	12
Operating Fund - Program Revenue and Expenditures (<i>Schedule 2</i>)	13
Operating Fund - Governance Expenditures (<i>Schedule 3</i>)	14

Draft for discussion purposes only

Rawluk & Robert

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Centre for Christian Studies Canada Inc.

Opinion

We have audited the financial statements of Centre for Christian Studies Canada Inc. ("CCS"), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CCS as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 CCS in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(continues)

Printed: February 24, 2020 4:58 PM

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCS'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 CCS's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CCS to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

CENTRE FOR CHRISTIAN STUDIES CANADA INC.
Statement of Financial Position
December 31, 2019

	Operating Fund	Endowment Fund	Total unrestricted	Bursary Fund	2019 Total	2018 Total
ASSETS						
CURRENT						
Cash and cash equivalents	\$ 72,055	\$ -	\$ 72,055	\$ 7,017	\$ 79,072	\$ 55,123
Investments (Note 3)	-	2,575,152	2,575,152	951,428	3,526,580	3,255,825
Accounts receivable	2,243	-	2,243	-	2,243	1,156
Prepaid expenses	50	-	50	-	50	-
	74,348	2,575,152	2,649,500	958,445	3,607,945	3,312,104
CASH SURRENDER VALUE OF LIFE INSURANCE (Note 4)	-	21,514	21,514	-	21,514	19,298
CAPITAL ASSETS (Note 5)	67,789	-	67,789	-	67,789	70,496
	\$ 142,137	\$ 2,596,666	\$ 2,738,803	\$ 958,445	\$ 3,697,248	\$ 3,401,898
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable and accrued liabilities	\$ 14,002	\$ -	\$ 14,002	\$ -	\$ 14,002	\$ 12,862
Deferred contributions (Note 6)	2,301	-	2,301	33,580	35,881	22,641
Tuition received in advance	2,628	-	2,628	-	2,628	1,325
	18,931	-	18,931	33,580	52,511	36,828
NET ASSETS	123,206	2,596,666	2,719,872	924,865	3,644,737	3,365,070
	\$ 142,137	\$ 2,596,666	\$ 2,738,803	\$ 958,445	\$ 3,697,248	\$ 3,401,898

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

CENTRE FOR CHRISTIAN STUDIES CANADA INC.
Statement of Revenues and Expenditures
Year Ended December 31, 2019

	Operating Fund	Endowment Fund	Total unrestricted	Bursary Fund	2019 Total	2018 Total
REVENUES						
Bequests	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,452
Contributions and other aid - United Church of Canada	-	-	-	20,340	20,340	20,490
Donations	111,507	13,950	125,457	685	126,142	142,505
Increase in value of life insurance policy	-	2,217	2,217	-	2,217	1,773
Investment income	-	83,557	83,557	25,997	109,554	100,658
Operating (Schedule 1)	112,282	-	112,282	-	112,282	104,547
Program revenue (Schedule 2)	126,465	-	126,465	-	126,465	122,441
Realized capital gains/(losses)	-	111,377	111,377	8,358	119,735	55,697
	350,254	211,101	561,355	55,380	616,735	566,563
EXPENSES						
Amortization	4,272	-	4,272	-	4,272	4,392
Bursaries	-	-	-	43,960	43,960	43,397
Governance (Schedule 3)	11,593	-	11,593	-	11,593	7,751
Life insurance	-	2,217	2,217	-	2,217	2,213
Management fees	-	24,245	24,245	8,126	32,371	33,063
Operating (Schedule 1)	336,578	-	336,578	-	336,578	311,854
Programming (Schedule 2)	260,672	-	260,672	-	260,672	260,080
	613,115	26,462	639,577	52,086	691,663	662,750
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(262,861)	184,639	(78,222)	3,294	(74,928)	(96,187)
CHANGE IN FAIR VALUE OF INVESTMENTS	-	240,222	240,222	114,373	354,595	(226,441)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (262,861)	\$ 424,861	\$ 162,000	\$ 117,667	\$ 279,667	\$ (322,628)

Printed: February 24, 2020 4:58 PM

Prep _____ Added _____ Approved _____

The accompanying notes are an integral part of this statement

CENTRE FOR CHRISTIAN STUDIES CANADA INC.
Statement of Changes in Net Assets
Year Ended December 31, 2019

	Operating	Endowment	Total unrestricted	Bursary	2019 Total	2018 Total
NET ASSETS - BEGINNING OF YEAR	\$ 103,300	\$ 2,465,733	\$ 2,569,033	\$ 796,037	\$ 3,365,070	\$ 3,687,698
Excess of revenues over expenses	(262,861)	420,742	157,881	121,786	279,667	(322,628)
Transfers to (from) funds	282,767	(289,809)	(7,042)	7,042	-	-
NET ASSETS - END OF YEAR	\$ 123,206	\$ 2,596,666	\$ 2,719,872	\$ 924,865	\$ 3,644,737	\$ 3,365,070

Draft for discussion purposes only

CENTRE FOR CHRISTIAN STUDIES CANADA INC.

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 279,667	\$ (322,628)
Items not affecting cash:		
Amortization of capital assets	4,272	4,392
Increase in value of life insurance policy	(2,217)	(1,773)
Change in fair value of investments	(270,754)	268,956
	<u>10,968</u>	<u>(51,053)</u>
Changes in non-cash working capital:		
Accounts receivable	(1,087)	965
Prepaid expenses	(50)	-
Accounts payable and accrued liabilities	1,140	1,854
Tuition received in advance	1,303	1,325
Deferred contributions	13,240	(150)
	<u>14,546</u>	<u>3,994</u>
Cash flow from (used by) operating activities	<u>25,514</u>	<u>(47,059)</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(1,565)</u>	<u>(2,343)</u>
Cash flow used by investing activity	<u>(1,565)</u>	<u>(2,343)</u>
INCREASE (DECREASE) IN CASH FLOW	23,949	(49,402)
Cash - beginning of year	<u>55,123</u>	<u>104,525</u>
CASH - END OF YEAR	\$ 79,072	\$ 55,123
CASH CONSISTS OF:		
Cash on hand and balance with banks	\$ 76,828	\$ 52,912
Cash equivalents	<u>2,244</u>	<u>2,211</u>
	\$ 79,072	\$ 55,123

CENTRE FOR CHRISTIAN STUDIES CANADA INC.

Notes to Financial Statements

Year Ended December 31, 2019

1. PURPOSE OF THE ORGANIZATION

Centre for Christian Studies Canada Inc. ("CCS") was established as a result of the amalgamation of The Anglican Women's Training College and Covenant College in 1969 and from thereon operated under the name Centre for Christian Studies. The application for letters patent of amalgamation was filed May 29, 1991 and became official November 26, 1991. CCS was incorporated under the *Corporations Act* of Manitoba, without share capital, on August 4, 1998 with the name being officially changed to Centre for Christian Studies Canada Inc.

CCS is a Registered Charity under the *Income Tax Act*, and, accordingly, is exempt from income taxes provided certain requirements of the *Income Tax Act* are met. CCS operates a theological education centre and offers a four year diploma in Diaconal Ministries: Studies in Transformation and Action and accepts students from the United Church of Canada and the Anglican Church of Canada. Upon completion of their studies, students may be commissioned or ordained in their respective denomination. In March of each fiscal year, students are invited to apply for bursaries and they are awarded based on need and previous awarded bursaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

Operating Fund (unrestricted):

CCS accounts for the general revenues and expenditures such as general donations, rental income and contributions from The United Church of Canada in the Operating Fund.

Endowment Fund (unrestricted):

The Endowment Fund was established to sustain the operations of CCS. The investment income earned on the investments is intended to support the annual operation of CCS and its programs.

Bursary Fund (restricted):

The Bursary Fund is maintained for specific purposes including awards to students in financial need. The funds are disbursed at the discretion of the Bursary Working Group. The Bursary Fund is designated into three categories as illustrated in note 7.

Revenue recognition

CCS follows the restricted fund method of accounting for contributions.

Restricted contributions related to the Operating Fund and the Endowment Fund are recognized as revenue in the appropriate fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

(continues)

CENTRE FOR CHRISTIAN STUDIES CANADA INC.

Notes to Financial Statements

Year Ended December 31, 2019

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

Financial instruments policy

Financial instruments are recorded at fair value on initial recognition. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in credit union shares and are valued at cost. The carrying amounts approximate fair value because they can be redeemed in less than ninety days.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Building	5%	declining balance method
Computer equipment	30%	declining balance method
Equipment and sign	20%	declining balance method
Furniture and fixtures	20%	declining balance method

CCS regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use. In the year of acquisition, half the stated rate is used.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenue and expense items are translated at the exchange rate in effect at the time of the transaction.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

CENTRE FOR CHRISTIAN STUDIES CANADA INC.

Notes to Financial Statements

Year Ended December 31, 2019

3. INVESTMENTS

	2019	2018
	<i>Market value</i>	<i>Market value</i>
<u>Endowment Fund</u>		
Cash and short term investments	\$ 62,908	\$ 25,748
Common and preferred shares	1,953,838	1,974,113
Fixed income	558,406	446,574
	\$ 2,575,152	\$ 2,446,435
<u>Bursary Fund</u>		
Cash and short term investments	\$ 61,653	\$ 3,187
Common and preferred shares	767,802	647,536
Fixed income	121,973	158,667
	\$ 951,428	\$ 809,390

4. CASH SURRENDER VALUE OF LIFE INSURANCE POLICY

The ownership of two life insurance policies was donated to CCS and recorded as donations in the years donated. The ongoing premiums paid by the insured are recorded as donation revenue and insurance premium expense.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value
Land	\$ 25,000	\$ -	\$ 25,000
Building	104,307	69,822	34,485
Equipment and sign	38,810	35,323	3,487
Computer equipment	37,208	33,195	4,013
Furniture and fixtures	25,874	25,070	804
	\$ 231,199	\$ 163,410	\$ 67,789
			2018
			Net book
			value
Land	\$ 25,000	\$ -	\$ 25,000
Building	104,307	68,007	36,300
Equipment and sign	38,810	34,451	4,359
Computer equipment	35,643	31,811	3,832
Furniture and fixtures	25,874	24,869	1,005
	\$ 229,634	\$ 159,138	\$ 70,496

CENTRE FOR CHRISTIAN STUDIES CANADA INC.

Notes to Financial Statements

Year Ended December 31, 2019

6. DEFERRED CONTRIBUTIONS

Deferred contributions relate to amounts received in the current year and relate to expenditures to be incurred in a future year or to grants received in the current year but earned in a future year.

	<u>2019</u>	<u>2018</u>
Balance beginning of the year	\$ 22,641	\$ 22,791
Amounts received during the year	33,580	20,340
	<u>56,221</u>	43,131
Less amounts recognized as revenue during the year	<u>(20,340)</u>	<u>(20,490)</u>
Balance, end of the year	<u>\$ 35,881</u>	<u>\$ 22,641</u>

7. BURSARY FUND BALANCES

The Bursary Fund balance is comprised of three components. A portion of the funds has been designated by certain donors and is permanent. This portion of the Bursary Fund is referred to as the Permanent Designated Fund. A second portion of the funds has been designated by donors and can be used to provide bursaries to students. This portion is referred to as the Expendable Designated Fund. The final remaining category balance is the Non-Designated Fund which represents the accrued earnings of the fund and is expendable.

Each bursary fund will be accorded a pro-rata value in the general fund for accounting purposes. In a year when a given bursary is partially awarded or not awarded at all, the capital value will increase by its excess earnings in that year. Should the Fund's performance exceed the target income of 5% or the need for bursaries is less than 5% of the then current value of the Fund, the excess funds shall be added to the General Bursary Fund.

CENTRE FOR CHRISTIAN STUDIES CANADA INC.

Notes to Financial Statements

Year Ended December 31, 2019

8. FINANCIAL INSTRUMENTS

CCS is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about CCS's risk exposure and concentration as of December 31, 2019.

(a) 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. CCS is exposed to market risk through its investments in publicly traded securities which are subject to fluctuations due to price changes in the market. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. CCS is mainly exposed to currency risk and interest rate risk.

(b) Currency risk

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. CCS is exposed to foreign currency exchange risk its investments held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

	2019	2018
	CAD\$	CAD\$
Investments denominated in U.S. dollars (Bursary)	\$ 287,729	\$ 233,741
Investments denominated in U.S. dollars (Endowment)	717,786	772,324
Concentration of currency risk	\$ 1,005,515	\$ 1,006,065

(c) 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. In seeking to minimize the risks from interest rate fluctuations, CCS manages exposure through its normal operating and financing activities. CCS is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

It is management's opinion that CCS is not exposed to significant other price risks arising from these financial instruments.

CENTRE FOR CHRISTIAN STUDIES CANADA INC.
Operating Fund - Operating Revenues and Expenditures (Schedule 1)
Year Ended December 31, 2019

	2019	2018
Operating revenue		
Contribution - United Church of Canada	\$ 100,000	\$ 100,000
Other contributions	11,961	4,165
Rental and other miscellaneous	321	382
	<u>\$ 112,282</u>	<u>\$ 104,547</u>
Operating expenses		
Administration and office	\$ 46,859	\$ 47,045
Building	30,453	22,873
Promotion and recruitment	13,597	14,515
Salaries and wages	245,669	227,421
	<u>\$ 336,578</u>	<u>\$ 311,854</u>

Draft for discussion purposes only

CENTRE FOR CHRISTIAN STUDIES CANADA INC.
Operating Fund - Program Revenue and Expenditures *(Schedule 2)*
Year Ended December 31, 2019

	2019	2018
Program revenue		
Tuition	\$ 120,093	\$ 121,450
Other	6,372	991
	\$ 126,465	\$ 122,441
Program expenses		
Copyright	\$ 216	\$ 229
Honoraria	570	650
Other projects and programs	1,907	1,518
Rent	1,200	700
Resource	-	2,970
Salaries and wages	255,700	252,703
Travel and accommodation	1,079	1,310
	\$ 260,672	\$ 260,080

Draft for discussion purposes only

CENTRE FOR CHRISTIAN STUDIES CANADA INC.

Operating Fund - Governance Expenditures

(Schedule 3)

Year Ended December 31, 2019

	2019	2018
Governance Expenditures		
Annual service of celebration	\$ 5,242	\$ 4,021
Central council meetings	5,728	3,204
Council projects	103	183
Finance committee	520	153
Other	-	190
	\$ 11,593	\$ 7,751

Draft for discussion purposes only