

Chalice (Canada)
Non-Consolidated Financial Statements
June 30, 2021

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Independent Auditors' Report

Non-Consolidated Financial Statements

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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, 2021, and the non-consolidated statements of operations, changes in net assets, cash flows and the related schedules 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, 2021, 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 Non-Consolidated 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 Non-Consolidated 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 Non-Consolidated 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.

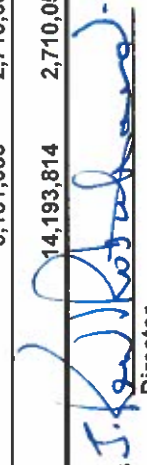

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Dartmouth, Nova Scotia

December 7, 2021

MNP LLP
Chartered Professional Accountants

Chalice (Canada)
Non-Consolidated Statement of Financial Position
As at June 30, 2021

	General Fund	HDP/CP Fund	Urgency Fund	Christmas Fund	Endowment Fund	2021	2020
Assets							
Current							
Cash	4,733,599	-	-	-	-	4,733,599	1,125,715
Short-term investments (Note 3)	2,862,239	-	-	-	-	2,862,239	2,232,740
Prepaid expenses and deposits	55,143	-	-	-	-	55,143	35,765
HST receivable	73,328	-	-	-	-	73,328	51,404
Other receivables	36,710	-	-	-	-	36,710	59,268
Due from (to) funds (Note 5)	(4,761,212)	2,710,059	1,304,033	(54,324)	801,444	-	-
	2,999,807	2,710,059	1,304,033	(54,324)	801,444	7,761,019	3,504,892
Investments (Note 3)	7,797,437	-	-	-	-	7,797,437	6,957,270
Due from Chalice, Inc. (Note 4)	596,341	-	-	-	-	596,341	391,389
Capital assets (Note 6)	2,800,229	-	-	-	-	2,800,229	4,194,482
	14,193,814	2,710,059	1,304,033	(54,324)	801,444	18,955,026	15,048,033
Liabilities							
Current							
Accounts payable and accrued liabilities (Note 7)	1,921,017	-	-	-	-	1,921,017	1,093,957
Deferred contributions (Note 8)	3,506,880	-	-	-	-	3,506,880	3,259,041
	5,427,897	-	-	-	-	5,427,897	4,352,998
Deferred contributions (Note 8)	584,834	-	-	-	-	584,834	407,329
	6,012,731	-	-	-	-	6,012,731	4,760,327
Impact of COVID-19 (Note 1)							
Commitments (Note 9)							
Fund Balances							
Invested in capital assets	2,800,229	-	-	-	-	2,800,229	4,194,482
Restricted	-	2,710,059	1,304,033	(54,324)	801,444	4,761,212	3,239,334
Unrestricted general	5,380,854	-	-	-	-	5,380,854	2,853,890
	8,181,083	2,710,059	1,304,033	(54,324)	801,444	12,942,295	10,287,706
	14,193,814	2,710,059	1,304,033	(54,324)	801,444	18,955,026	15,048,033
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, 2021

	General Fund	HDP/CP Fund	Urgency Fund	Christmas Fund	Endowment Fund	2021	2020
Revenues							
Sponsorship contributions	21,544,068	-	-	-	-	21,544,068	21,731,100
Special gift contributions	1,311,869	-	-	-	-	1,311,869	1,028,282
General contributions	2,109,921	-	-	-	-	2,109,921	1,424,838
Community projects fund contributions	-	2,277,914	-	-	-	2,277,914	1,683,219
Urgency fund contributions	-	-	590,909	-	-	590,909	817,513
Christmas donations	-	-	-	501,007	-	501,007	451,288
Endowment contributions	-	-	-	-	182,203	182,203	338,145
Catalogue contributions	1,779,765	-	-	-	-	1,779,765	1,918,471
Investment income	257,713	-	-	-	-	257,713	252,110
Unrealized gain (loss) on investments	754,077	-	-	-	-	754,077	(356,665)
Realized gain (loss) on disposal of investments	64,683	-	-	-	-	64,683	(5,857)
Fundraising contributions and other revenues	1,545,582	-	-	-	-	1,545,582	1,530,734
Prayer ministry contributions	5,729	-	-	-	-	5,729	5,912
Mission trip contributions	-	-	-	-	-	-	107,165
Gain on disposal of capital assets	113,282	-	-	-	-	113,282	-
	29,486,689	2,277,914	590,909	501,007	182,203	33,038,722	30,926,255
Expenditures							
Program expenditures (Schedule 1)	24,322,562	1,755,105	617,027	560,846	-	27,255,540	26,578,242
Marketing expenditures (Schedule 1)	1,721,807	-	-	-	-	1,721,807	1,622,843
Administrative expenditures (Schedule 1)	1,223,401	-	-	-	-	1,223,401	1,184,157
Amortization	183,384	-	-	-	-	183,384	199,981
	27,451,154	1,755,105	617,027	560,846	-	30,384,132	29,585,223
Excess (deficiency) of revenue over expenditures	2,035,535	522,809	(26,118)	(59,839)	182,203	2,654,590	1,341,032

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, 2021

	General Fund	Invested in Capital Assets	HDP/CP Fund	Urgency Fund	Christmas Fund	Endowment Fund	2021	2020
Fund balances, beginning of year	2,853,890	4,194,482	2,187,250	427,328	5,515	619,241	10,287,706	8,946,674
Excess (deficiency) of revenue over expenditures	2,218,919	(183,384)	522,809	(26,118)	(59,839)	182,203	2,654,590	1,341,032
Interfund transfer (Note 10)	308,045	(1,210,869)	-	902,823	-	-	-	-
Fund balances, end of year	5,380,854	2,800,229	2,710,059	1,304,033	(54,324)	801,444	12,942,295	10,287,706

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, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenditures	2,654,590	1,341,032
Amortization	183,384	199,981
Realized (gain) loss on disposal of investments	(64,683)	5,857
Unrealized (gain) loss on investments	(754,077)	356,665
Gain on disposal of capital asset	(113,282)	-
	1,905,932	1,903,535
Changes in working capital accounts		
Prepaid expenses and deposits	(19,378)	(6,501)
HST receivable	(21,924)	18,268
Other receivables	22,558	(31,042)
Accounts payable and accrued liabilities	827,059	396,778
Deferred contributions	425,344	(305,516)
	3,139,591	1,975,522
Investing		
Net advances to a related party	(204,952)	(185,042)
Proceeds on disposal of investments	3,091,309	4,062,282
Proceeds on disposal of capital assets	1,371,445	-
Purchase of investments	(3,742,215)	(5,760,535)
Investment in capital assets	(47,294)	(129,036)
	468,293	(2,012,331)
Change in cash during the year	3,607,884	(36,809)
Cash, beginning of year	1,125,715	1,162,524
Cash, end of year	4,733,599	1,125,715

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, 2021

	Program Expenditures	Marketing Expenditures	Administrative Expenditures	2021	2020
General Fund Expenditures					
Paid to Projects - Unrestricted Funds	22,634,274	-	-	22,634,274	21,950,355
Wages and salaries	1,286,727	1,091,469	617,420	2,995,616	2,884,208
Postage and courier	152,420	61,163	62,454	276,037	226,701
Bank charges and interest	19,369	370,710	4,235	394,314	305,423
Office	6,750	26,627	252,711	286,088	219,431
Mission trips	19,318	-	-	19,318	220,093
Printing	27,871	60,660	16,646	105,177	83,811
Travel and meetings	-	-	-	-	71,483
Printing and postage - newsletter	-	74,186	-	74,186	81,769
Professional fees	17,419	1,182	58,521	77,122	64,324
Rent and utilities	5,573	-	52,571	58,144	64,346
Property taxes	-	-	74,457	74,457	91,895
Miscellaneous	576	3,231	19,197	23,004	22,112
Other	2,592	134	2,961	5,687	8,620
Advertising and promotion	-	31,255	806	32,061	55,320
Prayer ministry	149,610	-	-	149,610	108,302
Telecommunications	-	1,063	29,601	30,664	26,436
Mission appeals - stipends	-	-	-	-	14,650
Insurance	-	-	31,821	31,821	28,099
Conferences	63	127	-	190	559
Mission appeals - travel	-	-	-	-	14,498
Donations to other registered charities	-	-	-	-	62,500
	24,322,562	1,721,807	1,223,401	27,267,770	26,604,935

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. See note 13 for additional information relating to Chalice, Inc's statement of financial position and statement of operations for the year ended June 30, 2021.

Impact of COVID-19

In early March 2020, the impact of the global outbreak of COVID-19 (coronavirus), began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

While the COVID-19 outbreak did not have a significant impact in the current fiscal year, it is unknown the extent of the impact the outbreak may have on the Organization subsequent to year end as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently or may be put in place by Canada and other countries to fight the virus.

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 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.

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2021

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

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.

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 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 \$2,995,616 (2020 - \$2,884,208), \$580,556 (2020 - \$637,630) was allocated between the three functions, and of this amount, \$206,115 (2020 - \$249,567) was allocated to program expenditures.

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

Measurement uncertainty (use of estimates)

The preparation of non-consolidated 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.

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, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions (refer to Note 4).

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.

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2021

3. Investments

SHORT-TERM

Fixed Income - Guaranteed Investment Certificates:

	2021	2020
Credit Union, redeemable guaranteed investment certificates, maturing between February 5, 2022 and June 29, 2022, with yields to maturity of 1.00% to 2.10%	2,326,400	1,510,500
Scotiabank, redeemable guaranteed investment certificate, maturing on June 28, 2022 with a yield to maturity of 2.38%	524,083	716,520
Accrued interest on guaranteed investment certificates	11,756	5,720
	2,862,239	2,232,740

LONG-TERM

	2021	2020
CIBC Investor's Edge, equity investments (cost - \$2,560,259; 2020 - \$2,376,574)	2,865,829	2,007,447
Investment in mutual funds (cost - \$182,277; 2020 - \$175,331)	252,959	211,694
Credit Union, redeemable guaranteed investment certificates, maturing between February 5, 2023 and June 29, 2023, with yields to maturity between 1.15% and 2.55%	3,960,950	4,200,000
Scotiabank, redeemable guaranteed investment certificates, maturing on June 28, 2024 with yields to maturity of 1.05%	700,000	511,900
Accrued interest on guaranteed investment certificates	17,699	26,229
	7,797,437	6,957,270

4. Related party transactions

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

	2021	2020
Administration fees charged to Chalice, Inc., a commonly controlled entity	35,123	25,974

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:

	2021	2020
Due from Chalice, Inc., a commonly controlled entity	596,341	391,389

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, 2021, 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, 2021

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Land	868,503	-	868,503	1,273,174
Buildings	2,651,988	768,824	1,883,164	2,856,684
Computer equipment	169,332	162,408	6,924	9,892
Computer software	323,742	308,711	15,031	21,473
Furniture and equipment	282,019	255,412	26,607	33,259
	4,295,584	1,495,355	2,800,229	4,194,482

Buildings include an asset with a cost of \$2,651,988 (2020 - \$2,611,757) and accumulated amortization of \$768,824 (2020 - \$650,970) of which approximately 6% (2020 - 25%) of the building is currently being leased to a third party. The related rental revenue of \$42,277 (2020 - \$50,102) is included in 'Fundraising contributions and other revenues' on the Statement of Operations.

During the year, another building asset was leased to a third party. The related rental revenue of \$82,655 (2020 - \$52,756) is included in 'Fundraising contributions and other revenues' on the Statement of Operations. This building was sold during the year for an accounting gain of \$113,282, which is disclosed separately on the Statement of Operations.

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$77,777 (2020 - \$45,605).

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>2021</i>	<i>2020</i>
Deferred sponsorship contributions	3,189,416	3,040,757
Deferred Chalice children contributions	405,532	318,579
Deferred catalogue contributions	449,186	259,454
Deferred scholarship contributions	47,580	47,580
	4,091,714	3,666,370
Less: long-term portion	584,834	407,329
	3,506,880	3,259,041

Changes in the deferred sponsorship contributions balance are as follows:

	<i>2021</i>	<i>2020</i>
Balance, beginning of year	3,040,757	3,140,843
Less: amount recognized as revenue during the year	(2,633,427)	(2,725,765)
Add: amount received during the year	2,782,086	2,625,679
Balance, end of year	3,189,416	3,040,757

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2021

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

Changes in the deferred catalogue contributions balance are as follows:

	2021	2020
Balance, beginning of year	259,454	783,463
Amounts received during the year	2,013,475	1,708,072
Amounts recognized as revenue during the year		
Paid to projects	(1,270,918)	(1,222,358)
Amounts transferred to Chalice Children	(150,000)	(318,579)
Amounts recognized as revenue in the general fund during the year and transferred to restricted funds through interfund transfers:		
Amounts transferred to Urgency Fund	(402,825)	(322,599)
Amounts transferred to Community Projects	-	(368,545)
Balance, end of year	449,186	259,454

9. **Commitments**

In 2019, the Organization entered into a long-term office equipment lease. The lease term spans from September 1, 2019 to February 28, 2025, with the annual rental being \$4,968.

Community projects

The Organization has committed funds in the amount of \$824,905 to various community projects in the following countries: Bolivia, Peru, Philippines, India, Ghana, Kenya, Tanzania, Paraguay, Nairobi and Zambia. 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:

2022	565,481
2023	154,414
2024	97,981
2025	7,029

The HDP / CP Fund has a balance of \$2,710,059; therefore, adequate funds have been set aside for these commitments. The remaining resources of \$1,885,154 in the HDP / CP Fund are uncommitted community project contributions which may be used at any location when circumstances arise.

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 provide global COVID relief totaling \$239,302. The full balance is still committed as of June 30, 2021. The Urgency Fund has a balance of \$1,304,033; therefore, adequate funds have been set aside for these commitments. The remaining resources of \$1,064,731 in the Urgency Fund are uncommitted disaster relief or critical need contributions which may be used at any location when urgent circumstances arise.

10. **Interfund transfers**

During the year, the Organization approved interfund transfers from the General Fund to the Urgency Fund in the amount of \$902,823. The net amount of the capital asset dispositions less additions was transferred from the Invested in Capital Assets Fund to the General Fund in the amount of \$1,210,869.

During the prior year, the Organization approved interfund transfers from the General Fund to the HDP / CP Fund, the Urgency Fund and the Christmas Fund in the amount of \$372,157, \$368,545 and \$130,000 respectively.

Chalice (Canada)
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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.

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 fixed interest rate financial instruments. 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.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization enters into transactions in the normal course of operations denominated in US currency for which the related receivable balance is subject to exchange rate fluctuations. As at June 30, 2021, the following items are denominated in US currency:

	2021	2020
Due from Chalice, Inc. - US dollars	451,877	296,999
Cash - US dollars	448,066	423,377

During the year, the value of the Canadian dollar appreciated by 9% against the US dollar. The above item has been translated to Canadian dollars using the year end rate of \$1.239 (2020 - \$1.363).

12. Non-monetary contributions

In the current year, the Organization received \$550,422 of donated stocks based on fair market value on the date they were received. Revenues realized from these non-monetary transactions totaled \$555,332 and are measured at the carrying amount of the asset given up, adjusted by the fair value of the monetary consideration. A gain of \$4,910 associated with these transactions has been recorded in excess of revenue over expenditures for the year.

In addition, in the current year, the Organization received \$111,635 of donated stocks based on fair market value on the date they were received. These stocks were not sold before year end and are included in total assets on the non-consolidated statement of financial position.

13. 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.

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
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13. Unconsolidated not-for-profit subsidiary *(Continued from previous page)*

Summary of unaudited financial information of Chalice, Inc. as at June 30, 2021 and June 30, 2020 is as follows:

	2021	2020
	US \$	US \$
Financial Position		
Total assets	420,911	275,589
Total liabilities	476,815	323,709
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Total net deficiency	(55,904)	(48,120)
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Results of Operations		
Total revenue	273,376	193,378
Total expenses	281,160	212,434
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Deficiency of revenue over expenses	(7,784)	(19,056)
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Cash Flows Provided by (Used in):		
Operating activities	(8,672)	(19,393)
Financing activities	153,994	139,580
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Increase in cash	145,322	120,187
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14. Comparative figures

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