

Chalice (Canada)
Non-consolidated Financial Statements
June 30, 2023

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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, 2023, and the non-consolidated statements of operations and changes in fund balances, 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, 2023, 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.

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

November 21, 2023

MNP **LLP**

Chartered Professional Accountants

Chalice (Canada)
Non-consolidated Statement of Financial Position
As at June 30, 2023

	General Fund	HDP/CP Fund	Urgency Fund	Christmas Fund	Endowment Fund	2023	2022
Assets							
Current							
Cash	7,659,723	-	-	-	-	7,659,723	3,735,817
Short-term investments (Note 3)	2,519,609	-	-	-	-	2,519,609	4,752,245
Prepaid expenses and deposits	18,740	-	-	-	-	18,740	7,555
HST receivable	71,217	-	-	-	-	71,217	91,044
Other receivables	364	-	-	-	-	364	15,375
Due from (to) funds (Note 5)	(5,088,502)	3,460,424	513,490	-	1,114,588	-	-
	5,181,151	3,460,424	513,490	-	1,114,588	10,269,653	8,602,036
Investments (Note 3)	6,487,738	-	-	-	-	6,487,738	4,762,997
Due from Chalice, Inc. (Note 4)	454,035	-	-	-	-	454,035	819,571
Capital assets (Note 6)	3,128,870	-	-	-	-	3,128,870	2,972,535
	15,251,794	3,460,424	513,490	-	1,114,588	20,340,296	17,157,139
Liabilities							
Current							
Accounts payable and accrued liabilities (Note 7)	2,391,026	-	-	-	-	2,391,026	659,775
Deferred contributions (Note 8)	4,084,331	-	-	-	-	4,084,331	4,030,110
	6,475,357	-	-	-	-	6,475,357	4,689,885
	779,322	-	-	-	-	779,322	794,638
Deferred contributions (Note 8)	7,254,679	-	-	-	-	7,254,679	5,484,523
Commitments (Note 9)							
Fund Balances							
Invested in capital assets	3,128,870	-	-	-	-	3,128,870	2,972,535
Restricted	-	3,460,424	513,490	-	1,114,588	5,088,502	4,631,038
Unrestricted general	4,868,245	-	-	-	-	4,868,245	4,069,043
	7,997,115	3,460,424	513,490	-	1,114,588	13,085,617	11,672,616
	15,251,794	3,460,424	513,490	-	1,114,588	20,340,296	17,157,139

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, 2023

	<i>General Fund</i>	<i>HDP/CP Fund</i>	<i>Urgency Fund</i>	<i>Christmas Fund</i>	<i>Endowment Fund</i>	2023	2022
Revenues							
Sponsorship contributions	22,943,825	-	-	-	-	22,943,825	21,099,630
Special gift contributions	1,709,656	-	-	-	-	1,709,656	1,745,030
General contributions	1,906,372	-	-	-	-	1,906,372	2,050,375
Community projects fund contributions	-	2,731,480	-	-	-	2,731,480	3,024,718
Urgency fund contributions	-	-	1,498,873	-	-	1,498,873	2,502,104
Christmas contributions	-	-	-	203,876	-	203,876	414,321
Endowment contributions	-	-	-	-	256,000	256,000	178,370
Catalogue contributions	1,860,184	-	-	-	-	1,860,184	1,375,989
Investment income	368,397	-	-	-	-	368,397	277,724
Unrealized loss on investments	(6,832)	-	-	-	-	(6,832)	(88,608)
Realized gain on disposal of investments	-	-	-	-	-	-	31,174
Fundraising contributions and other revenues	1,181,601	-	-	-	-	1,181,601	1,112,101
Prayer ministry contributions	2,600	-	-	-	-	2,600	2,164
Mission trip contributions	-	-	-	-	-	-	25
	29,965,803	2,731,480	1,498,873	203,876	256,000	34,656,032	33,725,117
Expenditures							
Program expenditures (Schedule 1)	25,282,104	2,694,401	1,391,486	413,801	-	29,781,792	31,604,536
Marketing expenditures (Schedule 1)	2,070,401	-	-	-	-	2,070,401	1,829,179
Administrative expenditures (Schedule 1)	1,240,944	-	-	-	-	1,240,944	1,419,006
Amortization	149,892	-	-	-	-	149,892	142,075
	28,743,341	2,694,401	1,391,486	413,801	-	33,243,029	34,994,796
Excess (deficiency) of revenue over expenditures	1,222,462	37,079	107,387	(209,925)	256,000	1,413,003	(1,269,679)

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, 2023

	<i>General Fund</i>	<i>Invested in Capital Assets</i>	<i>HDP/CP Fund</i>	<i>Urgency Fund</i>	<i>Christmas Fund</i>	<i>Endowment Fund</i>	<i>2023</i>	<i>2022</i>
Fund balances, beginning of year	4,069,043	2,972,535	3,388,718	454,099	(191,593)	979,814	11,672,616	12,942,295
Excess (deficiency) of revenue over expenditures	1,372,354	(149,892)	37,079	107,387	(209,925)	256,000	1,413,003	(1,269,679)
Interfund transfers <i>(Note 10)</i>	(573,152)	306,227	34,627	(47,996)	401,518	(121,226)	-	-
Fund balances, end of year	4,868,245	3,128,870	3,460,424	513,490	-	1,114,588	13,085,617	11,672,616

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, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenditures	1,413,003	(1,269,679)
Amortization	149,892	142,075
Realized gain on disposal of investments	-	(31,174)
Unrealized loss on investments	6,832	88,608
	1,569,727	(1,070,170)
Changes in working capital accounts		
Prepaid expenses and deposits	(11,185)	47,588
HST receivable	19,827	(17,716)
Other receivables	15,011	21,335
Accounts payable and accrued liabilities	1,731,252	(1,261,242)
Deferred contributions	38,905	733,034
	3,363,537	(1,547,171)
Investing		
Advances to a related party	(239,415)	(223,230)
Net repayment from a related party	603,043	-
Proceeds on disposal of investments	3,758,373	3,000,167
Purchase of investments	(3,255,405)	(1,913,167)
Purchase of capital assets	(306,227)	(314,381)
	560,369	549,389
Change in cash during the year	3,923,906	(997,782)
Cash, beginning of year	3,735,817	4,733,599
Cash, end of year	7,659,723	3,735,817

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, 2023

	<i>Program Expenditures</i>	<i>Marketing Expenditures</i>	<i>Administrative Expenditures</i>	<i>2023</i>	<i>2022</i>
General Fund Expenditures					
Paid to Projects - Unrestricted Funds	23,380,449	-	-	23,380,449	23,505,720
Grants	162,226	-	-	162,226	-
Wages and salaries	1,457,658	1,270,287	662,282	3,390,227	3,283,862
Postage and courier	73,405	97,780	43,166	214,351	291,303
Bank charges and interest	18,046	317,490	(34,865)	300,671	441,102
Office	3,857	44,559	310,734	359,150	307,792
Printing	32,015	82,270	9,380	123,665	126,978
Travel and meetings	57,428	32,691	491	90,610	1,194
Printing and postage - newsletter	-	57,274	-	57,274	84,800
Professional fees	42,690	122,680	106,606	271,976	95,844
Rent and utilities	5,730	-	44,135	49,865	49,848
Property taxes	-	-	24,944	24,944	25,501
Miscellaneous	900	107	8,196	9,203	20,547
Other	984	1,246	5,978	8,208	8,817
Advertising and promotion	-	29,149	1,111	30,260	45,076
Prayer ministry	45,635	-	-	45,635	135,569
Telecommunications	1,081	4,845	28,173	34,099	33,098
Mission appeals - stipends	-	2,200	-	2,200	2,299
Insurance	-	-	30,613	30,613	27,840
Conferences	-	1,398	-	1,398	6,399
Mission appeals - travel	-	6,425	-	6,425	1,686
	25,282,104	2,070,401	1,240,944	28,593,449	28,495,275

The accompanying notes are an integral part of these financial statements

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, 2023.

2. Significant accounting policies

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

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.

Invested in Capital Assets

Net assets invested in capital assets are presented as a separate component of net assets.

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 when received.

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.

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

Investment income is recognized as revenue in 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 \$3,390,227 (2022 - \$3,283,862), \$928,925 (2022 - \$724,069) was allocated between the three functions, and of this amount, \$375,951 (2022 - \$213,007) was allocated to program expenditures.

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 expenditures during the reporting period.

Amortization is based on the estimated useful lives of capital assets and impairment of the related party loan owing from Chalice Inc. is based on review of unaudited financial statements.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues over expenditures in the periods in which they become known.

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

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length 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. Fair value is determined by published price quotations. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, 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 excess (deficiency) of revenue over expenditures. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to note 4).

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in an active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Organization subsequently measures all financial instruments using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenue over expenditures.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. 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.

Chalice (Canada)
Notes to the Non-consolidated Financial Statements
For the year ended June 30, 2023

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

With the exception of related party debt instruments initially measured at cost, 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 and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, the present value of cash flows expected to be generated by holding 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 (deficiency) of revenue 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 excess (deficiency) of revenue over expenditures in the year the reversal occurs.

3. Investments

SHORT-TERM

Fixed Income - Guaranteed Investment Certificates:

	2023	2022
Credit Union, redeemable guaranteed investment certificates, matured during the year	-	4,051,851
Scotiabank, redeemable guaranteed investment certificates, maturing between June 8 and June 28, 2024 with yields to maturity of 1.05% to 5.15%	2,519,609	700,394
	2,519,609	4,752,245

LONG-TERM

	2023	2022
CIBC Investor's Edge, equity investments (cost - \$2,880,793; 2022 - \$2,725,896)	3,149,057	3,011,352
Investment in mutual funds (cost - \$199,724; 2022 - \$194,446)	257,212	242,701
Scotiabank, redeemable guaranteed investment certificates, matured during the year	-	1,508,944
East Coast Credit Union, redeemable guaranteed investment certificate, maturing February 1, 2025 with a yield to maturity of 5.35%	2,043,679	-
Credit Union Atlantic, redeemable guaranteed investment certificate, maturing July 29, 2025 with a yield to maturity of 5.25%	1,037,790	-
	6,487,738	4,762,997

Chalice (Canada)
Notes to the Non-consolidated Financial Statements
For the year ended June 30, 2023

4. Related party transactions

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

	2023	2022
Administration fees charged to Chalice, Inc., a commonly controlled entity	32,335	32,919

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:

	2023	2022
Due from Chalice, Inc., a commonly controlled entity	454,035	819,571

This amount bears no interest and has no fixed terms of repayment and, therefore, this loan has been classified as long-term. (See note 11)

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, 2023, 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.

6. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	868,503	-	868,503	868,503
Buildings	2,947,644	1,011,008	1,936,636	2,005,413
Computer equipment	232,103	189,200	42,903	50,998
Computer software	560,098	316,377	243,721	10,521
Furniture and equipment	307,842	270,735	37,107	37,100
	4,916,190	1,787,320	3,128,870	2,972,535

Buildings include an asset with a cost of \$2,947,644 (2022 - \$2,894,502) and accumulated amortization of \$1,011,008 (2022 - \$889,089) of which approximately 6% (2022 - 6%) of the building was being leased to a third party. The related rental revenue of \$25,384 (2022 - \$27,691) is included in 'Fundraising contributions and other revenues' on the Statement of Operations. The leasing arrangement ended in May 2023.

Computer software includes software with a carrying value of \$236,356 (2022 - \$nil). No amortization of this asset has been recorded during the current year because it is currently under development.

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$nil (2022 - \$81,780).

Chalice (Canada)
Notes to the Non-consolidated Financial Statements
For the year ended June 30, 2023

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:

	2023	2022
Deferred sponsorship contributions	3,625,623	3,442,131
Deferred Chalice children contributions	-	172,106
Deferred catalogue contributions	1,238,030	1,210,511
	4,863,653	4,824,748
Less: long-term portion	779,322	794,638
	4,084,331	4,030,110

Changes in the deferred sponsorship contributions balance are as follows:

	2023	2022
Balance, beginning of year	3,442,131	3,189,416
Less: amount recognized as revenue during the year	(2,654,568)	(2,604,582)
Add: amount received during the year	2,838,060	2,857,297
	3,625,623	3,442,131

Changes in the deferred Chalice children contributions balance are as follows:

	2023	2022
Balance, beginning of year	172,106	405,532
Add: contributions received during the year	27,793	157,630
Add: amount transferred from catalogue contributions	-	108,521
Less: amount recognized as revenue during the year	(199,899)	(499,577)
	-	172,106

Changes in the deferred catalogue contributions balance are as follows:

	2023	2022
Balance, beginning of year	1,210,511	449,186
Contributions received during the year	1,887,204	2,137,313
Paid to projects	(1,859,685)	(1,267,467)
Amounts transferred to Chalice Children	-	(108,521)
	1,238,030	1,210,511

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. In 2021, the Organization entered into another long-term office equipment lease. The lease term spans from July 23, 2021 to January 22, 2027, with the annual rental being \$5,043.

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Community projects

The Organization has committed funds in the amount of \$786,182 to various community projects in the following countries: Bolivia, Guatemala, Peru, India, Kenya, Tanzania, Paraguay, Chile, 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 three years are as follows:

2024	703,140
2025	73,039
2026	10,000

The HDP / CP Fund has a balance of \$3,460,424; therefore, adequate funds have been set aside for these commitments. The remaining resources of \$2,674,242 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 a prior year, the Organization committed amounts to be paid for disaster relief funds or for critical need purposes to provide global COVID relief totaling \$239,303. A balance of \$207,254 is still committed as of June 30, 2023. The Urgency Fund has a balance of \$513,490; therefore, adequate funds have been set aside for these commitments. The remaining resources of \$306,236 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 an interfund transfer from the General Fund to the Invested in Capital Assets fund totaling \$306,227 to cover capital asset additions. The Organization also approved interfund transfers from the General fund to the Christmas Fund and the HDP/CP Fund, in the amount of \$401,518 and \$34,627, respectively. The Organization also approved transfers from the Urgency Fund and the Endowment Fund to the General Fund in the amount of \$47,996, and \$121,226, respectively.

During the prior year, the Organization approved interfund transfers from the General Fund to the Urgency Fund, the HDP/CP Fund, and the Invested in Capital Assets Fund in the amounts of \$50,000, \$57,759, and \$314,381 respectively.

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.

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

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, 2023, the following items are denominated in US currency:

	2023	2022
Due from Chalice, Inc. - US dollars	340,164	627,001
Cash - US dollars	887,531	984,406

During the year, the value of the Canadian dollar appreciated by 1% against the US dollar. The above items have been translated to Canadian dollars using the year end rate of \$1.324 (2022 - \$1.289).

12. Non-monetary contributions

In the current year, the Organization received \$1,222,712 of donated stocks based on fair market value on the date they were received. Revenues realized from these non-monetary transactions totaled \$1,221,629 and are measured at the carrying amount of the asset given up, adjusted by the fair value of the monetary consideration. A loss of \$1,083 associated with these transactions has been recorded in excess of revenue over expenditures for the year.

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.

Summary of unaudited financial information of Chalice, Inc. as at June 30, 2023 and June 30, 2022 is as follows:

	2023 US \$	2022 US \$
Financial Position		
Total assets	270,956	578,379
Total liabilities	371,477	655,786
Total net deficiency	(100,521)	(77,407)
 Results of Operations		
Total revenue	211,932	257,559
Total expenses	235,045	279,063
Deficiency of revenue over expenses	(23,113)	(21,504)
 Cash Flows Provided by (Used in):		
Operating activities	(20,585)	(16,802)
Financing activities	(286,837)	174,270
(Decrease) increase in cash	(307,422)	157,468

14. Comparative figures

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