

**CANADIAN NATIONAL
CHRISTIAN FOUNDATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2021

Independent Auditor's Report
Statement of Financial Position
Statement of Changes in Fund Balances
Statement of Revenue and Expenditures
Statement of Cash Flows
Notes to the Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Board of Canadian National Christian Foundation

Qualified Opinion

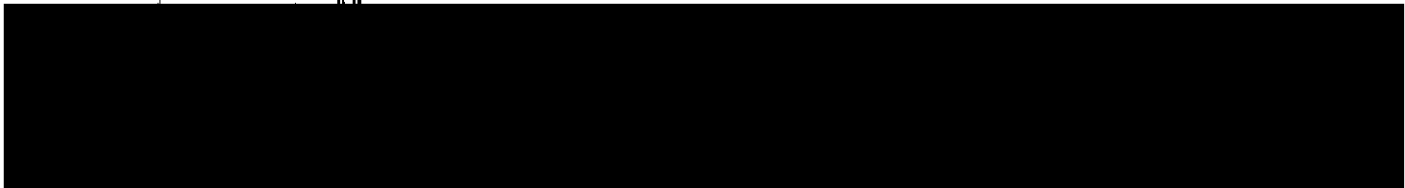
We have audited the accompanying financial statements of Canadian National Christian Foundation ("the Foundation"), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in fund balances, revenue and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the 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 qualified opinion.

In common with many not-for-profit organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, net revenue, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at the beginning and the end of the years ended December 31, 2021 and 2020. Our audit opinion on the financial statements for the year ended December 31, 2020 was also qualified because of the possible effects of this limitation in scope.



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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 the Foundation'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 Foundation'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 the Foundation 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.
- 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.

Stittsville, Ontario
[REDACTED]

[REDACTED]
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

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CANADIAN NATIONAL CHRISTIAN FOUNDATION

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	2021			2020
	General Fund	Donor Advised Funds	Total	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 3,424,118	\$ 17,047,472	\$ 20,471,590	\$ 7,389,984
Accounts receivable	-	-	-	5,011
Government receivables	82,662	-	82,662	69,991
	3,506,780	17,047,472	20,554,252	7,464,986
INVESTMENTS (note 4)	341,590	49,986,513	50,328,103	38,614,231
INTERFUND BALANCES	(3,075,034)	3,075,034	-	-
	\$ 773,336	\$ 70,109,019	\$ 70,882,355	\$ 46,079,217
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 5,918	\$ -	\$ 5,918	\$ 161,575
Due to Financial Discipleship Canada (note 3)	7,835	-	7,835	-
	13,753	-	13,753	161,575
FUND BALANCES	759,583	70,109,019	70,868,602	45,917,642
	\$ 773,336	\$ 70,109,019	\$ 70,882,355	\$ 46,079,217

APPROVED BY THE BOARD

Director

APPROVED BY THE BOARD

Director

The accompanying notes are an integral part of these financial statements.

CANADIAN NATIONAL CHRISTIAN FOUNDATION

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended December 31, 2021

	General Fund	Donor Advised Funds	Total
FUND BALANCES - BEGINNING OF YEAR	\$ 680,404	\$ 45,237,238	\$ 45,917,642
NET REVENUE	79,179	24,871,781	24,950,960
FUND BALANCES - END OF YEAR	\$ 759,583	\$ 70,109,019	\$ 70,868,602

For the year ended December 31, 2020

	General Fund	Donor Advised Funds	Total
FUND BALANCES - BEGINNING OF YEAR	\$ 554,183	\$ 35,816,836	\$ 36,371,019
NET REVENUE	126,221	9,420,402	9,546,623
FUND BALANCES - END OF YEAR	\$ 680,404	\$ 45,237,238	\$ 45,917,642

The accompanying notes are an integral part of these financial statements.

CANADIAN NATIONAL CHRISTIAN FOUNDATION

STATEMENT OF REVENUE AND EXPENDITURES

For the year ended December 31, 2021

	2021		2020	
	General Fund	Donor Advised Funds	Total	Total
REVENUE				
Donations	\$ -	\$41,022,812	\$41,022,812	\$29,534,444
Investment income	1,759	1,630,092	1,631,851	2,281,614
Other revenue	8,417	-	8,417	3,648
Administration fees	<u>478,593</u>	<u>(478,593)</u>	<u>-</u>	<u>-</u>
	<u>488,769</u>	<u>42,174,311</u>	<u>42,663,080</u>	<u>31,819,706</u>
EXPENDITURES				
Charitable donations	133,000	16,995,112	17,128,112	21,821,429
Investment management fees	-	307,418	307,418	274,857
Insurance	5,454	-	5,454	3,837
Marketing	11,609	-	11,609	-
Membership dues	1,729	-	1,729	1,395
Office and miscellaneous	40,772	-	40,772	25,085
Professional fees	18,256	-	18,256	17,101
Professional development	35	-	35	480
Rent	-	-	-	9,996
Salaries, benefits and contracted services	131,121	-	131,121	77,628
Technical support fees	59,907	-	59,907	35,221
Telephone	5,000	-	5,000	5,000
Travel and meetings	<u>2,707</u>	<u>-</u>	<u>2,707</u>	<u>1,054</u>
	409,590	17,302,530	17,712,120	22,273,083
NET REVENUE	\$ 79,179	\$24,871,781	\$24,950,960	\$ 9,546,623

The accompanying notes are an integral part of these financial statements.

CANADIAN NATIONAL CHRISTIAN FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

	2021	2020
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 24,950,960	\$ 9,546,623
Net change in non-cash working capital items:		
Accounts receivable	5,011	(5,011)
Government receivables	(12,671)	(23,352)
Due to/from Financial Discipleship Canada	7,835	(1,222)
Accounts payable and accrued liabilities	<u>(155,657)</u>	<u>136,267</u>
	24,795,478	9,653,305
INVESTING ACTIVITIES		
Purchase of investments, net	<u>(11,713,872)</u>	<u>(5,667,243)</u>
NET CHANGE IN CASH	13,081,606	3,986,062
CASH - BEGINNING OF YEAR	7,389,984	3,403,922
CASH - END OF YEAR	<u>\$ 20,471,590</u>	<u>\$ 7,389,984</u>

The accompanying notes are an integral part of these financial statements.

CANADIAN NATIONAL CHRISTIAN FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

1. NATURE OF ORGANIZATION

The Canadian National Christian Foundation was established to encourage wise and generous stewardship to Canadian-based Christian charities. The Foundation was incorporated in 2002 under Part II of the Canada Corporations Act and continued under the Canada Not-for-profit Corporations Act in 2014. The Foundation is a public foundation under the Income Tax Act, and is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The principal accounting policies of the Foundation are summarized as follows:

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions related to expenditures of future periods are deferred and recognized as revenue in the period in which the related expenditures are incurred. All other contributions are reported as revenue of the current period.

Fund Accounting

The Canadian National Christian Foundation follows the restricted fund method of accounting for contributions. All financial statement transactions have been recorded in one of two types of funds, the General Fund or Donor Advised Funds.

The General Fund accounts for the Foundation's program delivery and administrative activities. This Fund reports unrestricted resources.

The Donor Advised Funds are restricted funds set up by donors where donors are able to advise the Board of the Foundation with respect to the timing and amounts of distributions from the Fund. The Foundation has two types of Donor Advised Funds: Giving and Legacy.

CANADIAN NATIONAL CHRISTIAN FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Foundation has fixed income and equity investments that are valued at market value, when traded in an active market, with realized and unrealized gains and losses being recorded in the statement of revenue and expenditures. Investments not traded in an active market are recorded at cost.

Foreign Exchange

The Foundation uses the temporal method to translate assets, liabilities, revenues and expenditures denominated in a foreign currency. Monetary items are adjusted to reflect the exchange rate in effect at the statement of financial position date. Non-monetary items are translated at historical exchange rates. Revenue and expenditure items are translated at the rate of exchange in effect on the dates they occur. Exchange gains or losses arising on these foreign currency transactions are included in determination of net income for the current period.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

3. RELATED PARTY TRANSACTIONS AND BALANCES

The Foundation is affiliated with the Financial Discipleship Canada ("FDC") by virtue of common management and a common Board of Directors.

All transactions with FDC occur in the normal course of operation and are recorded at their exchange amount which is the amount agreed to by related parties.

Donations to FDC include \$120,000 (2020 - \$125,000) from Donor Advised Funds and general operations.

CANADIAN NATIONAL CHRISTIAN FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

3. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The financial summary of FDC as at December 31, 2021, and for the year then ended, is as follows:

	<u>2021</u>	<u>2020</u>
Financial position		
Total assets	\$ <u>163,553</u>	\$ <u>142,103</u>
Total liabilities	\$ 59,701	\$ 50,511
Total net assets	<u>103,852</u>	<u>91,592</u>
	\$ <u>163,553</u>	\$ <u>142,103</u>
Statement of operations		
Total revenue	\$ 684,792	\$ 658,530
Total expenses	<u>672,532</u>	<u>593,329</u>
Net revenue	\$ <u>12,260</u>	\$ <u>65,201</u>
Statement of cash flows		
Operating activities	\$ <u>28,923</u>	\$ <u>98,100</u>

4. INVESTMENTS

	General	Donor Advised	2021	2020
Guaranteed investment certificates	\$ 341,590	\$ -	\$ 341,590	\$ 333,218
Private mortgage	-	3,745,000	3,745,000	3,917,571
Canadian bonds	-	5,315,779	5,315,779	7,708,004
Equities	-	16,948,322	16,948,322	7,250,161
Mutual funds	-	22,628,841	22,628,841	18,363,616
Preferred private shares - at cost	-	800,000	800,000	900,000
Impact investments at cost - subordinated loan stock	-	548,571	548,571	141,661
	<u>\$ 341,590</u>	<u>\$ 49,986,513</u>	<u>\$ 50,328,103</u>	<u>\$ 38,614,231</u>

CANADIAN NATIONAL CHRISTIAN FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

5. COMMITMENTS

The Foundation has entered into agreements with suppliers to provide and support the Foundation's software for minimum annual fees of \$44,000.

6. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. It is Management's opinion that the fair value of these instruments is not materially different than their cost, except for certain investments which are recognized at fair value being the value they trade at in an active market, and that the Foundation is not exposed to significant interest rate, currency or credit risk.

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