



Financial Statements

Canadian Bible Society

La Société Biblique Canadienne

February 28, 2015

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To the Board of Governors of the
Canadian Bible Society – La Société Biblique Canadienne

We have audited the accompanying financial statements of the Canadian Bible Society, which comprise the statement of financial position as at February 28, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Bible Society as at February 28, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Markham, Canada
May 6, 2015

Licensed Public Accountants
Chartered accountants

CANADIAN BIBLE SOCIETY
LA SOCIÉTÉ BIBLIQUE CANADIENNE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED FEBRUARY 28, 2015
(\$000)

	<u>2015</u>	<u>2014</u>
REVENUE:		
Contributions	\$ 6,304	\$ 6,473
Legacies	2,439	2,063
Investment income	1,803	914
Margin on sales of \$1,810 (2014 - \$1,665)	528	607
Rental and other revenue, net	<u>234</u>	<u>245</u>
Total	<u>11,308</u>	<u>10,302</u>
EXPENSE:		
World ministries	2,368	1,781
National ministries	3,737	4,462
Fund development	2,438	2,471
Administration	1,560	1,426
Amortization of capital assets	<u>159</u>	<u>153</u>
Total	<u>10,262</u>	<u>10,293</u>
EXCESS OF REVENUE OVER EXPENSE		
ON OPERATIONS	1,046	9
UNREALIZED (LOSS) GAIN ON INVESTMENTS (Note 5)	<u>(836)</u>	<u>408</u>
EXCESS OF REVENUE OVER EXPENSE	<u>\$ 210</u>	<u>\$ 417</u>

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

CANADIAN BIBLE SOCIETY
LA SOCIÉTÉ BIBLIQUE CANADIENNE
STATEMENT OF FINANCIAL POSITION
AS AT FEBRUARY 28, 2015
(\$000)

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS:		
Cash	\$ 1,114	\$ 1,357
Receivables	279	221
Inventories	1,522	1,613
Prepaid expenses	<u>89</u>	<u>127</u>
Total current assets	3,004	3,318
CAPITAL ASSETS (Note 4)	2,316	2,078
INVESTMENTS:		
Marketable securities (Note 5)	23,554	23,110
RECEIVABLE, ANNUITIES INSURED (Note 8)	<u>4,442</u>	<u>5,406</u>
Total assets	<u>\$ 33,316</u>	<u>\$ 33,912</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Payables and accruals	\$ 567	\$ 361
Deferred revenue (Note 6)	<u>192</u>	<u>329</u>
Total current liabilities	759	690
POST RETIREMENT BENEFITS (Note 7)	4,518	3,888
ANNUITIES OUTSTANDING (Note 8)	<u>4,442</u>	<u>5,406</u>
`	<u>9,719</u>	<u>9,984</u>
NET ASSETS: (Note 9)		
Invested in capital assets	2,316	2,078
Endowments - restricted	1,142	1,142
Board designated reserves	12,190	12,039
Unrestricted	<u>7,949</u>	<u>8,669</u>
Total net assets	<u>23,597</u>	<u>23,928</u>
Total liabilities and net assets	<u>\$ 33,316</u>	<u>\$ 33,912</u>

On behalf of the Board:

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

CANADIAN BIBLE SOCIETY
LA SOCIÉTÉ BIBLIQUE CANADIENNE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED FEBRUARY 28, 2015
(\$000)

	Invested in Capital <u>Assets</u>	Endowments <u>Restricted</u>	Board Designated <u>Reserves</u>	<u>Unrestricted</u>	2015 <u>Total</u>	2014 <u>Total</u>
NET ASSETS, BEGINNING OF YEAR						
As previously reported	\$ 2,078	\$ 1,142	\$ 12,039	\$ 9,131	\$ 24,390	\$ 23,982
Transitional adjustment related to reporting (Note 3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(462)</u>	<u>(462)</u>	<u>(519)</u>
	2,078	1,142	12,039	8,669	23,928	23,463
Excess (Shortfall) of revenue over expense	(159)	-	-	369	210	417
Remeasurement and other items	-	-	-	(541)	(541)	48
Cessation of annuities (Note 8)	-	-	151	(151)	-	-
Purchase of capital assets	<u>397</u>	<u>-</u>	<u>-</u>	<u>(397)</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 2,316</u>	<u>\$ 1,142</u>	<u>\$ 12,190</u>	<u>\$ 7,949</u>	<u>\$ 23,597</u>	<u>\$ 23,928</u>

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

CANADIAN BIBLE SOCIETY
LA SOCIÉTÉ BIBLIQUE CANADIENNE
STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED FEBRUARY 28, 2015
(\$000)

	<u>2015</u>	<u>2014</u>
CASH PROVIDED FROM (USED IN)		
OPERATING ACTIVITIES:		
Excess of revenue over expense	\$ 210	\$ 417
Amortization of capital assets	159	153
Unrealized loss (gain) on investments	836	(408)
Post retirement benefits	90	112
Changes in non-cash working capital items		
Receivables	(58)	130
Inventories	91	(23)
Prepaid expenses	38	21
Payables and accruals	206	(594)
Deferred revenue	<u>(137)</u>	<u>67</u>
	<u>1,435</u>	<u>(125)</u>
INVESTING AND FINANCING ACTIVITIES:		
Purchase of capital assets	(397)	(338)
Net (purchase) / sale of marketable securities	<u>(1,281)</u>	<u>97</u>
	<u>(1,678)</u>	<u>(241)</u>
DECREASE IN CASH	(243)	(366)
CASH		
Beginning of year	<u>1,357</u>	<u>1,723</u>
End of year	<u>\$ 1,114</u>	<u>\$ 1,357</u>

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

**CANADIAN BIBLE SOCIETY
LA SOCIÉTÉ BIBLIQUE CANADIENNE
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2015**

1. PURPOSE OF ORGANIZATION

The Canadian Bible Society – La Société Biblique Canadienne (the “Society”) is incorporated under the Canada Not-for-profit Corporations Act. As a national religious charitable organization, the purposes of the Canadian Bible Society are to translate without doctrinal note, publish and distribute the Christian Scriptures, and to promote and encourage the use of the Bible, throughout Canada and worldwide in cooperation with members of the United Bible Societies and other organizations.

The activities of the Society are conducted by Districts and a National Support Office. These financial statements have been prepared on a combined basis.

The Society is a registered charitable organization, and as such, is not required to pay income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Society has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and balances with banks and other institutions and term deposits with maturities of three months or less.

INVENTORIES

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method (“FIFO”). Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The cost of inventory comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise the purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of inventory.

CANADIAN BIBLE SOCIETY/ LA SOCIÉTÉ BIBLIQUE CANADIENNE
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS

Initial measurement

The Society's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Society measures its financial assets and liabilities at cost or amortized cost, except for equities quoted in an active market, which must be measured at fair value. The Society has also irrevocably elected to measure its investments in bonds at fair value. All changes in fair value of the Society's investments in equities quoted in an active market and in bonds are recorded in the statement of operations. The financial instruments measured at amortized cost are cash, receivables, payables and accruals.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

CAPITAL ASSETS

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Building	40 years
Building improvements	10 to 20 years
Office equipment	10 years
Computers and related equipment	3 years

When a capital asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed. On disposition of these assets, the resulting gain or loss is recorded in the statement of operations.

CANADIAN BIBLE SOCIETY/ LA SOCIÉTÉ BIBLIQUE CANADIENNE
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

POST RETIREMENT BENEFITS

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees.

The Society accounts for current service costs and finance costs under the post-retirement benefit plan through the statement of operations. Remeasurements and other items are accounted for through the statement of changes in net assets and include actuarial gains and losses; past service costs; and gains and losses arising from settlements.

REVENUE RECOGNITION

Bible Sales

Bible sales are recognized at point of sale when the customer receives and pays for the goods, or when goods are delivered to the customers. Revenue is stated net of discounts and returns and includes freight charges.

Contributions and legacies

The Society follows the deferral method of accounting for contributions. Unrestricted donations and legacies are recorded as revenue when received unless there are donor imposed restrictions on the use of the funds. Restricted contributions are recognized as revenue when the conditions regarding their use are satisfied. Amounts for which the conditions have not been fulfilled are presented as deferred revenue on the statement of financial position. Also included in deferred revenue is investment income earned on endowments that has not been recognized as income because the conditions stipulated by the donor have not yet been met.

Endowments

Endowments represent donations where the donor has stipulated that the principal remains intact in perpetuity. Endowment donations are recognized as direct increases in net assets under the "Endowment – restricted" fund.

Investment income

Net investment income that is not externally restricted is recognized as it is earned in the statement of operations. Net investment income that is externally restricted and must be added to the resources held for endowment are recognized as direct increases or decreases in net assets in the endowment fund. Other externally restricted net investment income is recognized in the statement of operations, in deferred contributions or in net assets, depending on the nature of restrictions imposed.

CANADIAN BIBLE SOCIETY/ LA SOCIÉTÉ BIBLIQUE CANADIENNE
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTED MATERIALS AND SERVICES

Contributed materials and services are recognized at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

Many volunteers are actively involved in assisting the Society in carrying out its mission. Because of the difficulty of determining the hours involved and their fair value, contributed services are not recognized in the financial statements.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in the statement of operations.

USE OF ESTIMATES

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include allowance for doubtful accounts, inventory obsolescence, amortization of capital assets, employee future benefits liability, and annuities outstanding and insured.

ALLOCATION OF EXPENSES

The Society classifies its expenditures by function. The cost of each function includes the cost of personnel, premises and other expenses that are directly related to that particular function. Fund Development expenditures include costs for personnel, administration and cost of appeals directly related to that function. The Society allocates certain of its general support expenses by identifying the appropriate basis of allocating each component of expenses, and applies that basis consistently each year. Corporate governance, general management and support service expenses (Accounting, Human Resources and Information Technology) are not allocated; other general support services and expenses are allocated on the following basis:

CANADIAN BIBLE SOCIETY/ LA SOCIÉTÉ BIBLIQUE CANADIENNE
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ALLOCATION OF EXPENSES (continued)

- Building operations – Estimate space and usage.
 From Administration to National Ministries (80%) – \$172,000 (2014 - \$158,000)
- General Office Service expenditures – Estimate usage.
 From Administration to National Ministries (30%) – \$56,000 (2014 - \$55,000)
- Post Retirement Benefits – Based on salaries.
 National Ministries - \$158,000 (2014 - \$175,000)
 Fund Development - \$45,000 (2014 - \$38,000)
 Administration - \$67,000 (2014 - \$56,000)

3. CHANGE IN ACCOUNTING POLICY

Effective March 1, 2014, the Society retrospectively adopted Chartered Professional Accountants of Canada Handbook – Accounting Part II Section 3462 Employee Future Benefits (“Section 3462”) and Part III Section 3463 Reporting Employee Future Benefits by Not-For-Profit Organizations (“Section 3463”).

Under Section 3462, the previously available deferral and amortization approach, in which actuarial gains and losses and past service costs were deferred and amortized over future periods, is no longer an accounting policy choice. The Society’s liabilities for post-retirement benefits equal the defined benefit obligations. The annual cost of the liabilities for post-retirement benefits, which comprises the current service costs and finance costs, is recorded in the statement of operations.

The Society implemented the new standard retrospectively, in accordance with the transitional provisions of Section 3462 and Section 3463. The impact of these changes on the comparative balances for February 28, 2014 is as follows:

<u>Statement of Financial Position</u> (\$000)	<u>As Previously</u> <u>Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Post retirement benefits	\$ 3,426	\$ 462	\$ 3,888
Net assets, Unrestricted	9,131	(462)	8,669
 <u>Statement of Operations</u> (\$000)			
National ministries	4,468	(6)	4,462
Fund development	2,472	(1)	2,471
Administration	1,428	(2)	1,426

CANADIAN BIBLE SOCIETY/ LA SOCIÉTÉ BIBLIQUE CANADIENNE
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2015

4. CAPITAL ASSETS (\$000)

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2015 Net Book Value</u>	<u>2014 Net Book Value</u>
Land	\$ 557	\$ -	\$ 557	\$ 557
Building and improvements	3,820	2,616	1,204	1,210
Equipment	898	343	555	311
	<u>\$ 5,275</u>	<u>\$ 2,959</u>	<u>\$ 2,316</u>	<u>\$ 2,078</u>

There is \$473,000 worth of computer equipment and software not being amortized due to additions in 2014 and 2015 relating to new computer equipment. Amortization of this equipment will begin when the new computer system related to these additions is activated and in use.

The assets listed above exclude the ownership of a house property valued at \$82,000 in 1985 when transferred to the Society. The transfer includes a caveat allowing tenancy to the former owner at a nominal rent, with responsibility for maintenance.

The former Bible store property in Edmonton owned by the Society was discovered to be contaminated in 2010, attributed to seepage of gasoline from a gas service station formerly located across from the property. The contamination has been reported by the Society's attorney to the Government officials for investigation, and a report is awaited prior to a claim being made for compensation. The outcome of claim is not determinable at this time, and as such no amount has been accrued for the impairment.

5. MARKETABLE SECURITIES (\$000)

The Society's portfolio of marketable securities is as follows:

	<u>2015</u>	<u>2014</u>
Unrestricted		
Cash and money market funds	\$ 12,877	\$ 2,356
Equities and pooled funds quoted in an active market	7,364	7,622
Preferred Shares, with interest rates of 3.8% to 4.1%	2,043	11,881
	<u>22,284</u>	<u>21,859</u>
Endowments Restricted		
Cash and money market funds	773	821
Preferred Shares, with interest rates of 4.0%	497	430
	<u>1,270</u>	<u>1,251</u>
	<u>\$ 23,554</u>	<u>\$ 23,110</u>

CANADIAN BIBLE SOCIETY/ LA SOCIÉTÉ BIBLIQUE CANADIENNE
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2015

5. MARKETABLE SECURITIES (\$000) (Continued)

Income earned is reported as follows:

	<u>2015</u>	<u>2014</u>
Net (decrease) increase in fair value of investments	\$ (836)	\$ 408
Interest and dividend income, capital gain	1,803	914
Total investment income recognized as revenue	<u>\$ 967</u>	<u>\$ 1,322</u>
	<u>2015</u>	<u>2014</u>
Income earned on unrestricted resources	\$ 957	\$ 1,315
Income earned on resources held for endowment	10	7
Total investment income recognized as revenue	<u>\$ 967</u>	<u>\$ 1,322</u>

Income on resources held for endowment includes an unrealized loss on investments of \$9,000 for 2015 (unrealized loss of \$16,000 in 2014).

6. DEFERRED REVENUE (\$000)

	<u>2015</u>	<u>2014</u>
Beginning of year	\$ 329	\$ 262
Less amounts recognized as revenue in the year	139	-
Add amounts received for future expenses	2	67
End of year	<u>\$ 192</u>	<u>\$ 329</u>

7. POST RETIREMENT BENEFITS

The Society has a pension plan covering substantially all of its employees and provides employees who qualify with other retirement benefits.

Pension Plan

The pension plan is a defined contribution pension plan, which provides for pensions based on the accumulated contributions by both the employee and the Society. Pension costs related to current service are expensed in the current period.

CANADIAN BIBLE SOCIETY/ LA SOCIÉTÉ BIBLIQUE CANADIENNE
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2015

7. POST RETIREMENT BENEFITS (Continued)

There are no outstanding liabilities relating to the pension plan. The pension expense for the year ending February 28, 2015 was \$143,000 (2014 - \$141,000).

Other Retirement Benefits

The Society provides employees who retire with at least ten years of service with defined health, life insurance and retirement allowance benefits. The cost of these benefits is unfunded and requires partial contributions from qualified retirees.

The Society's liabilities for the post retirement benefit plan equal the defined benefit obligation of \$4,518,000 (2014 - \$3,888,000) as per the most recent actuarial valuation as at February 28, 2015. The benefit obligations were ascertained using the new mortality tables CPM 2014 Private and the new improvement scale, PM Scale B of the Canadian Institute of Actuaries.

The total benefit cost recognized for the year is as follows:

	<u>2015</u> (\$000)	<u>2014</u> (\$000)
Current year benefit cost	\$ 99	\$ 118
Interest on accrued benefit obligation	171	151
Employee future benefits expense	<u>\$ 270</u>	<u>\$ 269</u>

The amount of benefits paid by the Society during the year was \$179,800 (2014 - \$157,200). The economic assumptions used in this actuarial valuation represent the Society's best estimates of expected rates for:

	2015	2014
Discount Rate	3.4% per annum	4.4% per annum
Salary increase rate	3.5% per annum	3.5% per annum
Health Care Cost Trend		
• Prescription Drug	8.0% per annum	8.0% per annum
• Vision Care	4.5% per annum	4.5% per annum
• Other	4.5% per annum	4.5% per annum
• Dental	4.5% per annum	4.5% per annum
Retirement Rates	100% at age 63	100% at age 63
Administrative Expenses	15% health and dental, 5% for life	15% health and dental, 5% for life
Participation	100% of members assumed to participate	100% of members assumed to participate

CANADIAN BIBLE SOCIETY/ LA SOCIÉTÉ BIBLIQUE CANADIENNE
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2015

8. ANNUITIES OUTSTANDING (\$000)

	<u>2015</u>	<u>2014</u>
Annuities Outstanding	<u>\$ 4,442</u>	<u>\$ 5,406</u>

During February 2011, the Canadian Bible Society's annuity portfolio in its entirety had been insured through Desjardins Financial, whereby a sum of \$6,626,000 had been paid to Desjardins as consideration for future cash flows to match annuity payments as they come due. The Society remains the primary obligor to annuitants and therefore, the payment to Desjardins has been recorded as an asset (Receivable, Annuities Insured) in the exact amount of annuity obligation (Annuities Outstanding).

Payment to annuitants under annuity contracts for the year is \$674,000 (2014 – \$727,000). The payment for the current year is not reflected as an expense as the amount was recovered from Desjardins Financial in accordance with the group annuity agreement.

The obligation to annuitants ceases upon their deaths, and their annuity contracts would be removed from the annuity portfolio. Based on the actuarial valuations, the fair value of the remaining annuities in the portfolio as at February 28, 2015 is \$4,442,000.

The assumptions used in the actuarial valuations include an interest rate of 2.5% per annum based on the February 28, 2015 Canadian AAA/AA Corporate Bonds yield and an expense factor of 2.5%. The estimated mortality of the annuitants was based on the 2014 Canadian Pensioners' Mortality Table adjusted at 75%, with generational projection using CPM improvement Scale B.

The difference between the face value and fair value of the annuities as at February 28, 2015 is reported as Charitable Gift Annuities under Board Designated Reserves (see Note 9). As obligation to annuitants ceased upon their deaths, reserves are no longer required on their annuity contracts. As such, reserves are transferred to unrestricted net assets for those same contracts that were removed from the portfolio.

9. RESTRICTION ON NET ASSETS

Endowments represent donations which are subject to external restrictions where the donor has stipulated that the principal amount remains intact in perpetuity. Income on these funds amounted to \$17,000 (2014 - \$22,000) which is available for the general work of the Society.

Board Designated reserves are amounts which have been internally restricted by the Board of Governors. These reserves are not available for use without prior approval of the Board of Governors.

CANADIAN BIBLE SOCIETY/ LA SOCIÉTÉ BIBLIQUE CANADIENNE
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2015

9. RESTRICTION ON NET ASSETS (Continued)

The Board Designated reserves consist of:

	2015 (\$000)	2014 (\$000)
Charitable Gift Annuities	\$ 3,451	\$ 3,300
Capital	1,500	1,500
Real Estate	2,239	2,239
General Contingency	5,000	5,000
Total	\$ 12,190	\$ 12,039

The General Contingency reserve represents funds for approximately six months of operations to provide a financial fallback for the Society during times of unforeseen circumstances.

10. COMMITMENTS

The Society has entered into operating leases for various facilities for fiscal years up to 2017. Total future minimum lease payments under operating lease commitments over the remaining years are as follows:

2016	\$ 67,000
2017	24,000
	\$ 91,000

In addition to the above noted minimum lease payments the Society is also obligated to pay their share of operating costs, which fluctuate year to year.

The Society has committed \$2,000,000 in support of World Ministries through the United Bible Societies for 2015/2016.

CANADIAN BIBLE SOCIETY/ LA SOCIÉTÉ BIBLIQUE CANADIENNE
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2015

11. FINANCIAL INSTRUMENT RISKS

The Society's main financial instrument risk exposure is detailed as follows. The Society is not expected to be significantly impacted by these financial risks.

Credit risk

The Society has determined that the financial assets with credit risk exposure are accounts receivable since failure of any of these parties to fulfill their obligations could result in financial losses for the entity. The Society is also exposed to credit risk with respect to its investment in bonds.

Liquidity risk

The Society's liquidity risk represents the risk that the Society could encounter difficulty in meeting obligations associated with financial liabilities. The Society is, therefore, exposed to liquidity risk with respect to its payables and accruals. Liquidity risk is managed by ensuring the Society invests in high quality investments easily disposed of in an active market.

Currency risk

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. As at February 28, 2015, the Society is exposed to currency risk with respect to payables of \$4,000 (2014 - \$99,000) denominated in US dollars. The Society is also exposed to this risk with respect to foreign investments held through pooled funds.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk with respect to investments in bonds.

Other price risk

The Society is exposed to other price risk on its investment in equities quoted in an active market since changes in market prices could result in changes in the fair value of these instruments.