



Consolidated Financial Statements

Inter-Varsity Christian Fellowship of Canada

August 31, 2016

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Independent Auditor's Report

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To the Members of
Inter-Varsity Christian Fellowship of Canada

We have audited the accompanying consolidated financial statements of Inter-Varsity Christian Fellowship of Canada, which comprise the consolidated statement of financial position as at August 31, 2016, and the consolidated statements of activities and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Inter-Varsity Christian Fellowship of Canada as at August 31, 2016, 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.

Grant Thornton LLP

Toronto, Canada
December 10, 2016

Chartered Professional Accountants
Licensed Public Accountants

Inter-Varsity Christian Fellowship of Canada
Consolidated Statement of Financial Position

August 31

2016

2015

Assets

Current

Cash

Unrestricted

\$ 176,349 \$ 483,259

Restricted

48,028 56,742

Short-term investments (Note 3)

200,855 331,836

Amounts receivable

1,309,320 1,379,685

Prepaid expenses and inventory

153,798 146,037

1,888,350 2,397,559

Long-term

Investments (Note 3)

Unrestricted

2,814,602 2,900,203

Restricted

325,398 246,623

Held for endowment

500,008 500,008

Property and equipment (Note 4)

10,459,140 9,414,505

14,099,148 13,061,339

\$ 15,987,498 \$ 15,458,898

Liabilities

Current

Amounts payable and accrued liabilities

\$ 779,589 \$ 1,035,650

Fund balances

Operating

909,870 698,545

Invested in property and equipment

10,459,140 9,414,505

Internally designated (Note 6)

2,965,465 3,506,825

Externally restricted (Note 6)

373,426 303,365

Endowment (Note 6)

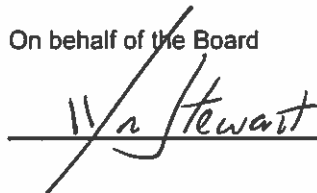
500,008 500,008

15,207,909 14,423,248

\$ 15,987,498 \$ 15,458,898

Commitments and contingencies (Note 7)

On behalf of the Board


 _____ Director


 _____ Director

Inter-Varsity Christian Fellowship of Canada
Consolidated Statement of Activities and Changes in Fund
Balances

Year ended August 31

	Operating Fund	Property Fund	Special Purpose Funds (Note 6)	2016	2015
Revenue					
Donations	\$ 8,212,119	\$ 23,033	\$ 2,960,137	\$11,195,289	\$11,958,519
Camp income	7,364,677	-	68,898	7,433,575	7,251,944
Campus income	571,917	-	57,375	629,292	737,964
Investment income	120,711	-	292,862	413,573	101,794
	<u>16,269,424</u>	<u>23,033</u>	<u>3,379,272</u>	<u>19,671,729</u>	<u>20,050,221</u>
Expenses					
Camp ministries	10,037,160	195,346	185,275	10,417,781	9,891,485
Campus ministries	5,322,551	-	1,855,435	7,177,986	6,435,738
National Resource Ministries	341,596	-	62,123	403,719	395,843
National Services	551,219	206,588	129,775	887,582	1,114,056
	<u>16,252,526</u>	<u>401,934</u>	<u>2,232,608</u>	<u>18,887,068</u>	<u>17,837,122</u>
Excess (deficiency) of revenue over expenses	16,898	(378,901)	1,146,664	784,661	2,213,099
Interfund transfers	194,427	1,423,536	(1,617,963)	-	-
Changes in fund balances	211,325	1,044,635	(471,299)	784,661	2,213,099
Fund balances, beginning of year	698,545	9,414,505	4,310,198	14,423,248	12,210,149
Fund balances, end of year	<u>\$ 909,870</u>	<u>\$10,459,140</u>	<u>\$ 3,838,899</u>	<u>\$15,207,909</u>	<u>\$14,423,248</u>

See accompanying notes to the consolidated financial statements.

Inter-Varsity Christian Fellowship of Canada
Consolidated Statement of Cash Flows

Year ended August 31

2016

2015

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 784,661	\$ 2,213,099
Items not involving cash		
Amortization of property and equipment	401,934	392,230
Unrealized investment (gains) losses	<u>(277,509)</u>	<u>71,716</u>
	<u>909,086</u>	<u>2,677,045</u>

Net change in non-cash working capital items

Amounts receivable	70,365	112,103
Prepaid expenses and inventory	(7,761)	4,460
Amounts payable and accrued liabilities	<u>(256,061)</u>	<u>(613,161)</u>
	<u>(193,457)</u>	<u>(496,598)</u>

715,629 2,180,447

Investing

Purchases of investments	(516,767)	(291,603)
Proceeds on disposals of investments	932,083	450,451
Additions to property and equipment	<u>(1,446,569)</u>	<u>(2,448,668)</u>
	<u>(1,031,253)</u>	<u>(2,289,820)</u>

Net decrease in cash for the year

(315,624) (109,373)

Cash

Beginning of year	<u>540,001</u>	<u>649,374</u>
End of year	<u>\$ 224,377</u>	<u>\$ 540,001</u>

Inter-Varsity Christian Fellowship of Canada

Notes to Consolidated Financial Statements

August 31, 2016

1. Nature of organization

The mission of Inter-Varsity Christian Fellowship of Canada ("Inter-Varsity") is the transformation of Canada's youth, students and graduates into fully committed followers of Jesus Christ and is a member movement of International Fellowship of Evangelical Students.

Inter-Varsity is incorporated under the Canada Not-for-Profit Corporations Act and is a charitable and not-for-profit organization, registered by the Canada Revenue Agency (CRA) for tax-deductible contributions.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant accounting policies used are as follows:

Basis of presentation

Inter-Varsity's consolidated financial statements include the accounts of the Inter-Varsity Ministries Foundation (the "Foundation"). The Foundation is incorporated under the Canada Not-for-Profit Corporations Act and is a registered charity under the Income Tax Act. Inter-Varsity's Board of Directors (the "Board") is responsible for appointing the members of the Foundation's Board of Directors. The Foundation secures funds for Inter-Varsity and all resources of the Foundation must be used for the benefit of Inter-Varsity.

Estimates

The preparation of the consolidated financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. The most significant estimates relate to the collectability of amounts receivable and the useful lives of property and equipment. Actual results may differ from those estimates.

Fund accounting

Inter-Varsity uses fund accounting to present its financial statements whereby resources for particular purposes are classified for accounting and reporting purposes into one of the following funds:

(i) Operating fund

Operating fund, which includes camp and campus Ministries, accounts for Inter-Varsity's program delivery and administration activities.

(ii) Property fund

Property fund includes investments in property and equipment.

Inter-Varsity Christian Fellowship of Canada

Notes to Consolidated Financial Statements

August 31, 2016

2. Summary of significant accounting policies (continued)

Funding accounting (continued)

(iii) Special purpose funds

Special purpose funds comprise internally designated funds to record donations or funds designated by management for specific purposes for camp and campus ministries (Note 6); externally restricted funds to record donations with external restrictions (Note 6); and an endowment fund to be maintained permanently which relates to the Cathy Nicoll Alberta Pioneer Camp Leadership Program for leadership training purpose (Notes 6).

Revenue recognition

Inter-Varsity follows the restricted fund method of accounting for restricted contributions. Externally restricted contributions are recognized as revenue of the appropriate restricted fund in the fiscal year in which they are received. Unrestricted contributions are recognized as revenue in the fiscal year received or receivable if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as revenue of the endowment fund in the fiscal year in which they are received.

Investment income of the externally restricted and endowment funds is recognized as revenue of those funds when earned and in proportion to fund balances.

Camp fees and fees for conferences and events are recognized as revenue of the operating fund when the related camp sessions, conferences and events are held.

Contributions by volunteers

Volunteers contribute many valuable hours to assist Inter-Varsity in carrying out its objectives and ministries. Many of the camp and campus ministries of Inter-Varsity would not be possible without the contribution of dedicated volunteers. These contributions are valued by Inter-Varsity but due to the difficulty in determining the fair value of these contributions, they are not recognized in these consolidated financial statements.

Property and equipment

Property and equipment purchased by Inter-Varsity are recorded at cost and those donated to Inter-Varsity are recorded at their fair market value at the date of acquisition when fair market value can be reasonably estimated. Inter-Varsity provides for the amortization of its property and equipment on a straight-line basis at the following annual rates:

Buildings	30 to 40 years
Equipment	3 to 5 years

Leasehold improvements are amortized on a straight-line basis over the life of the lease.

Inter-Varsity Christian Fellowship of Canada

Notes to Consolidated Financial Statements

August 31, 2016

2. Summary of significant accounting policies (continued)

Financial instruments

Inter-Varsity considers any contract creating a financial asset, liability, or equity instrument as a financial instrument, except in limited circumstances. Inter-Varsity's financial instruments comprise cash, amounts receivable, investments, and amounts payable.

Financial assets and liabilities obtained in arm's length transactions are initially recorded at their fair value. Inter-Varsity subsequently measures all of its financial assets and liabilities at fair value. Unrealized gains and losses on investments are recognized in the consolidated statement of activities.

Foreign currency translation

Current monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the consolidated statement of financial position date. Revenue and expenses are translated at rates approximating the rates of exchange prevailing on the date of the related transaction. Adjustments arising on the translation of foreign currencies are included in the consolidated statement of activities and changes in fund balances.

3. Investments

	<u>2016</u>	<u>2015</u>
Canadian equities	\$ 2,257,639	\$ 2,444,329
Fixed income	1,077,814	1,191,903
US equities	<u>505,410</u>	<u>342,438</u>
	3,840,863	3,978,670
Less: short-term investments	<u>200,855</u>	<u>331,836</u>
	<u>\$ 3,640,008</u>	<u>\$ 3,646,834</u>

Fixed income investments comprised primarily of bonds and Guaranteed Investment Certificates (GICs) bear interest at rates between 0.5% and 10.75% (2015 – 1.75% and 10.75%) and mature between January 2017 and March 2027 (2015 – September 2016 and June 2036).

4. Property and equipment

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1,876,908	\$ -	\$ 1,876,908	\$ 1,876,908
Buildings	12,713,568	4,546,949	8,166,619	7,113,209
Equipment	3,764,346	3,348,733	415,613	406,958
Leasehold improvements	<u>87,000</u>	<u>87,000</u>	<u>-</u>	<u>17,430</u>
	<u>\$ 18,441,822</u>	<u>\$ 7,982,682</u>	<u>\$ 10,459,140</u>	<u>\$ 9,414,505</u>

Inter-Varsity Christian Fellowship of Canada
Notes to Consolidated Financial Statements
August 31, 2016

5. Line of credit

Inter-Varsity has a \$3,000,000 line of credit with The Bank of Nova Scotia, to help with cash flow given the seasonal nature of receipts from the camps. The line is executed through a 'mirror netting' arrangement that monitors the balances in all bank accounts held by Inter-Varsity Christian Fellowship of Canada and Inter-Varsity Ministries Foundation. As at August 31, 2016, the cash balance was in a net positive position.

6. Special purpose funds

	Opening Balance September 1, <u>2015</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Transfers In (Out)</u>	Closing Balance August 31, <u>2016</u>
Internally designated funds	\$ <u>3,506,825</u>	\$ <u>2,152,124</u>	\$ <u>(1,075,521)</u>	\$ <u>(1,617,963)</u>	\$ <u>2,965,465</u>
Externally restricted funds					
Scholarship funds	246,623	84,930	(6,155)	-	325,398
National and other funds	<u>56,742</u>	<u>1,142,218</u>	<u>(1,150,932)</u>	-	<u>48,028</u>
	<u>303,365</u>	<u>1,227,148</u>	<u>(1,157,087)</u>	-	<u>373,426</u>
Endowment funds	<u>500,008</u>	-	-	-	<u>500,008</u>
	<u>\$ 4,310,198</u>	<u>\$ 3,379,272</u>	<u>\$ (2,232,608)</u>	<u>\$ (1,617,963)</u>	<u>\$ 3,838,899</u>

7. Commitments and contingencies

Operating leases

Inter-Varsity leases a parcel of property at Crimson Lake at nominal annual rates, which is used by Alberta Pioneer Camps.

Inter-Varsity's operating lease agreements for office rent, office equipment and vehicles expire in fiscal 2020. Minimum future payments are as follows:

2017	\$ 240,410
2018	46,132
2019	46,132
2020	<u>23,772</u>
	<u>\$ 356,446</u>

Inter-Varsity Christian Fellowship of Canada

Notes to Consolidated Financial Statements

August 31, 2016

7. Commitments and contingencies (continued)

Gift from Crossroads Christian Communication Inc. ("Crossroads")

On April 1, 2011, Inter-Varsity received a donation from Crossroads transferring full legal title and control of the properties and operations of five camps operating as Circle Square Ranch located in Halkirk, Alberta; Wolseley, Saskatchewan; Austin, Manitoba; Brantford, Ontario; and Arden, Ontario.

In the event Inter-Varsity elects at any time in the twelve year period following this transfer to (i) sell, lease, license or otherwise dispose, (ii) cease to operate any of the properties for two consecutive summers, or (iii) Inter-Varsity ceases to operate as a camping ministry, and provided that Crossroads is then a charity in good standing with the CRA, Inter-Varsity is obligated to transfer to Crossroads, as an unconditional cash gift, amounts specified in the agreement as fair market value at April 1, 2011.

These amounts are subject to a reduction over the aforementioned twelve year period as follows: (i) years one through four, a reduction of 5% per year; (ii) years five through eight, a reduction of 7.5% per year; and (iii) years nine through twelve, a reduction of 12.5% per year. However, Inter-Varsity may elect to sell any of the gifted properties over the next twelve years for the express intention of operating a summer camp to replace the property sold, provided the purchase of a new property occurs within twelve months of the receipt of the proceeds of such sale. In that event, Inter-Varsity shall not be obligated to pay any funds to Crossroads as a result of such a disposition.

The Circle Square Ranch Brantford property includes a 10,934 square foot single storey warehouse. As part of the transfer agreement on April 1, 2011, Crossroads retains an option to purchase the portion of the land gifted upon which this warehouse resides for a purchase price of \$10. This purchase option expires on March 31, 2023 and is subject to Crossroads' ability to obtain the required approvals to sever this specified portion of the land at its sole cost and expense.

8. Related party transactions

Inter-Varsity has agency agreements with IVCF-USA and the International Fellowship of Evangelical Students (IFES). Donations and grants to approved programs operated by IVCF-USA totalled \$109,811 (2015 - \$101,061). Donations and grants to approved programs operated by IFES totalled \$1,041,120 (2015 - \$524,832). Donations and grants received from IFES were \$57,998 (2015 - \$34,802).

During the year, Inter-Varsity received donations and grants from Canadian Inter-Varsity Christian Fellowship Inc. (CIVCF) of \$940,122 (2015 - \$1,104,786). CIVCF was established in 2007 to provide friends and alumni in the United States a means of supporting associated ministries, such as Inter-Varsity.

Related party transactions are recorded at the exchange amount and are included in the consolidated statement of activities and changes in fund balances.

9. Pension plan

Inter-Varsity maintains a defined contribution pension plan for its employees. Included in the consolidated statement of activities and changes in fund balances are contributions to the plan by Inter-Varsity of \$170,726 (2015 - \$173,844) during the fiscal year.

10. Financial instruments

Inter-Varsity Christian Fellowship of Canada

Notes to Consolidated Financial Statements

August 31, 2016

Inter-Varsity's main financial instrument exposure, unchanged from the prior year, is detailed as follows:

Credit risk

Credit risk arises from the potential that camp fees are not paid. Inter-Varsity is exposed to credit risk relating to its amounts receivable as failure of any of these parties to fulfill their obligation could result in financial losses. No single party accounts for a significant balance of accounts receivable. The recorded allowance for doubtful accounts is insignificant.

Liquidity risk

Inter-Varsity's liquidity risk represents the risk that Inter-Varsity could encounter difficulty in meeting obligations associated with financial liabilities. Inter-Varsity manages its liquidity risk by maintaining sufficient cash balances and monitoring forecasted and actual cash flows.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency risk

Currency risk is the risk arising from the change in price of one currency against another. Inter-Varsity is exposed to currency risk through its investment in US equities.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Inter-Varsity is exposed to interest rate risk on fixed income investments as the value of these investments will change with market fluctuations.

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 other factors affecting all similar financial instruments traded in the market. Inter-Varsity is exposed to other price risk through its equity investments.

11. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2016 consolidated financial statements.