



Consolidated Financial Statements

Inter-Varsity Christian Fellowship of Canada

August 31, 2019

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Independent Auditor's Report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949

To the Members of
Inter-Varsity Christian Fellowship of Canada

Opinion

We have audited the consolidated financial statements of **Inter-Varsity Christian Fellowship of Canada** ("Inter-Varsity"), which comprise the consolidated statement of financial position as at August 31, 2019, and the consolidated statement of activities and changes in fund balances, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Inter-Varsity as at August 31, 2019, 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.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of Inter-Varsity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Inter-Varsity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate Inter-Varsity or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing Inter-Varsity's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 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 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 Inter-Varsity'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 Inter-Varsity'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 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 Inter-Varsity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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.

Grant Thornton LLP

Toronto, Canada
January 29, 2020

Chartered Professional Accountants
Licensed Public Accountants

Inter-Varsity Christian Fellowship of Canada

Consolidated Statement of Financial Position

August 31

2019

2018

Assets

Current

Cash - restricted	\$ -	\$ 140,547
Short-term investments	607,178	462,483
Amounts receivable and other	<u>1,237,112</u>	<u>1,005,389</u>
	<u>1,844,290</u>	<u>1,608,419</u>

Long-term

Investments		
Internally designated	1,803,218	1,847,794
Restricted	52,638	50,000
Held for endowment	500,008	500,008
Property and equipment (Note 3)	<u>13,431,060</u>	<u>13,681,613</u>
	<u>15,786,924</u>	<u>16,079,415</u>
	<u>\$ 17,631,214</u>	<u>\$ 17,687,834</u>

Liabilities

Current

Bank indebtedness	\$ 2,988,156	\$ 2,255,587
Amounts payable and accrued liabilities	535,116	175,170
Deferred revenue	<u>65,857</u>	<u>66,287</u>
	<u>3,589,129</u>	<u>2,497,044</u>

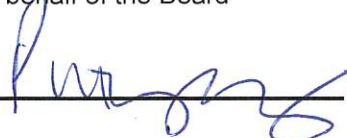
Fund balances

Operating	(4,545,713)	(6,856,365)
Invested in property and equipment (Note 4)	13,431,060	12,851,015
Internally designated (Note 5)	4,447,692	8,505,585
Externally restricted (Note 5)	209,038	190,547
Endowment (Note 5)	<u>500,008</u>	<u>500,008</u>
	<u>14,042,085</u>	<u>15,190,790</u>
	<u>\$ 17,631,214</u>	<u>\$ 17,687,834</u>


Commitments and contingencies (Note 6)

Subsequent events (Note 12)

On behalf of the Board



Director



Director

See accompanying notes to the consolidated financial statements

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 5)	2019	2018
	National	Camp	Campus				
Revenue							
Donations	\$ 1,142,043	\$ 2,175,598	\$ 4,680,670	\$ 7,998,311	\$ 1,876,163	\$ 9,874,474	\$ 12,082,284
Camp income	-	6,445,421	-	6,445,421	21,246	6,466,667	6,420,679
Campus income	-	-	182,031	182,031	135,926	317,957	266,422
Other revenue	134,905	958,386	-	1,093,291	15,552	1,108,843	1,214,909
Investment income	117	-	-	117	129,192	129,309	94,728
	<u>1,277,065</u>	<u>9,579,405</u>	<u>4,862,701</u>	<u>15,719,171</u>	<u>2,178,079</u>	<u>17,897,250</u>	<u>20,079,022</u>
Expenses							
Property insurance	-	275,058	-	275,058	-	275,058	235,296
Camp ministries	-	9,669,910	-	9,669,910	50,714	9,720,624	10,061,377
Campus ministries	-	-	5,008,429	5,008,429	1,110,608	6,119,037	6,598,067
National resource ministries	766,684	-	-	766,684	-	766,684	687,640
Property taxes	-	120,443	-	120,443	-	120,443	218,980
National services	1,181,115	-	-	1,181,115	159,363	1,340,478	1,462,005
Bank interest charges	107,362	-	-	107,362	-	107,362	75,832
Amortization	-	-	-	-	596,269	596,269	478,302
Uncollectible amounts	-	-	-	-	-	-	674,581
	<u>2,055,161</u>	<u>10,065,411</u>	<u>5,008,429</u>	<u>17,129,001</u>	<u>1,320,685</u>	<u>19,045,955</u>	<u>20,492,080</u>
Deficiency of revenue over expenses	(778,096)	(486,006)	(145,728)	(1,409,830)	857,394	(1,148,705)	(413,058)
Interfund transfers	3,564,737	(20,938)	176,683	3,720,482	1,176,314	-	-
Changes in fund balances	2,786,641	(506,944)	30,955	2,310,652	580,045	(1,148,705)	(413,058)
Fund balances, beginning of year	(8,132,862)	86,989	1,189,508	(6,856,365)	9,196,140	15,190,790	15,603,848
Fund balances, end of Year	<u>\$ (5,346,221)</u>	<u>\$ (419,955)</u>	<u>\$ 1,220,463</u>	<u>\$ (4,545,713)</u>	<u>\$ 5,156,738</u>	<u>\$ 14,042,085</u>	<u>\$ 15,190,790</u>

See accompanying notes to the consolidated financial statements

Inter-Varsity Christian Fellowship of Canada

Consolidated Statement of Cash Flows

Year ended August 31

2019

2018

Increase (decrease) in cash

Operating

Deficiency of revenue over expenses	\$ (1,148,705)	\$ (413,058)
Items not involving cash		
Amortization of property and equipment	596,269	478,302
Unrealized investment gains	<u>(35,346)</u>	<u>(100,842)</u>
	<u>(587,782)</u>	<u>(35,598)</u>

Net change in non-cash working capital items

Amounts receivable and other	(231,723)	612,472
Amounts payable and accrued liabilities	<u>359,516</u>	<u>(142,660)</u>

<u>127,793</u>	<u>469,812</u>
<u>(459,989)</u>	<u>434,214</u>

Financing

Bank indebtedness	<u>732,569</u>	<u>2,255,587</u>
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Investing

Changes in investments (net)	(67,411)	735,330
Additions to property and equipment	<u>(345,716)</u>	<u>(3,430,425)</u>
	<u>(413,127)</u>	<u>(2,695,095)</u>

Net decrease in cash for the year

(140,547)	(5,294)
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Cash

Beginning of year	<u>140,547</u>	<u>145,841</u>
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End of year	<u>\$ -</u>	<u>\$ 140,547</u>
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See accompanying notes to the consolidated financial statements

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2019

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 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 the Consolidated Financial Statements

August 31, 2019

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 5); externally restricted funds to record donations with external restrictions (Note 5); and an endowment fund to be maintained permanently which relates to the Cathy Nicoll Alberta Pioneer Camp Leadership Program for leadership training purpose (Note 5).

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.

Campus income is recognized as revenue when the campus event or conference is held.

Other income is recognized as revenue when the event or conference is held. This also includes grants from provincial governments which are recorded as revenue in the year of receipt.

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 appreciated 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

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2019

2. Summary of significant accounting policies (continued)

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.

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 investments at fair value. All other financial instruments are measured at amortized cost, net of any provision for impairment in the case of financial assets. Unrealized gains and losses on investments are recognized in the consolidated statement of activities.

Financial assets are tested for impairment at the end of each reporting period when there are indicators the asset may be impaired. If an impairment exists the asset is written down. If previously recognized, an impairment loss would be reversed to the extent of the improvement provided the assets is not carried at an amount, at the date of reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals would be recognized in the consolidated statement of activities and changes in fund balances.

3. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019 Net Book Value</u>	<u>2018 Net Book Value</u>
Land	\$ 1,892,657	\$ -	\$ 1,892,657	\$ 1,876,908
Buildings	16,606,686	5,414,494	11,192,192	11,244,499
Equipment	1,821,611	1,475,400	346,211	560,206
	<u>\$ 20,320,954</u>	<u>\$ 6,889,894</u>	<u>\$ 13,431,060</u>	<u>\$ 13,681,613</u>

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2019

4. Investment in property and equipment

Investment in property and equipment is calculated as follows:

	2019	2018
	Net Book Value	Net Book Value
Balance, beginning of the year	\$ 12,851,015	\$ 10,729,490
Amortization of capital assets	(596,269)	(478,302)
Purchase of capital assets	345,716	3,430,425
Capital assets financed through Bank indebtedness	830,598	(830,598)
Balance, end of year	\$ 13,431,060	\$ 12,851,015

5. Special purpose funds

	Opening Balances August 31, 2018	Revenue	Expenses	Transfers In (Out)	Closing Balances August 31, 2019
Internally designated funds	<u>\$ 8,505,585</u>	<u>\$ 1,595,006</u>	<u>\$ (829,298)</u>	<u>\$ (4,823,601)</u>	<u>\$ 4,447,692</u>
Externally restricted funds	<u>190,547</u>	<u>583,073</u>	<u>(491,387)</u>	<u>(73,195)</u>	<u>209,038</u>
Endowment funds	<u>500,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,008</u>
	<u>\$ 9,196,140</u>	<u>\$ 2,178,079</u>	<u>\$ (1,320,685)</u>	<u>\$ (4,896,796)</u>	<u>\$ 5,156,738</u>

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2019

6. 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 and expires December 31, 2030.

Inter-Varsity's operating lease agreements for office rent and office equipment and expire in fiscal 2024. Minimum future payments are as follows:

2020	\$ 318,000
2021	278,000
2022	278,000
2023	278,000
2024	6,000
Thereafter	18,000
	<u>\$ 1,176,000</u>

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.

7. 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, 2019, the line of credit was drawn down by \$2,988,156 (2018 - \$2,255,589).

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2019

8. 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 \$187,500 (2018 - \$184,500) during the fiscal year.

9. 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 \$102,793 (2018 - \$107,325). Donations and grants to approved programs operated by IFES totalled \$312,869 (2018 - \$1,279,414). Donations and grants received from IFES were \$333,025 (2018 - \$55,967).

During the year, Inter-Varsity received donations and grants from Canadian Inter-Varsity Christian Fellowship Inc. (CIVCF) of \$182,938 (2018 - \$195,540). 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.

10. Financial instruments

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 amounts 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 investments in US equities.

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2019

10. Financial instruments (continued))

Market risk (continued)

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 2019 consolidated financial statements.

12. Subsequent events

On October 9, 2019, Inter-Varsity entered in to a loan agreement for two credit facilities. The first credit facility is a \$2,000,000 revolving loan with monthly interest at prime plus 0.5% per annum and payable on demand. The second credit facility is a \$2,300,000 non-revolving loan with monthly interest at a fixed rate of 5% per annum repayable in monthly principal payments of \$15,114 plus interest and due in full in July 2024.