

Consolidated Financial Statements

Inter-Varsity Christian Fellowship of Canada

August 31, 2020

Contents

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities and Changes in Fund Balances	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6 - 14

Independent Auditor's Report

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, 2020, 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, 2020, 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which indicates that on September 1, 2020, Inter-Varsity Christian Fellowship of Canada amalgamated with Inter-Varsity Ministries Foundation to continue as Inter-Varsity Christian Fellowship of Canada. As the assets and liabilities of both Inter-Varsity Christian Fellowship of Canada and Inter-Varsity Ministries Foundation were transferred to the new entity on September 1, 2020, Inter-Varsity Christian Fellowship of Canada and Inter-Varsity Ministries Foundation will effectively continue as the new entity and accordingly, going concern accounting has been applied to these financial statements.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Toronto, Canada
February 8, 2021

Chartered Professional Accountants
Licensed Public Accountants

Inter-Varsity Christian Fellowship of Canada

Consolidated Statement of Financial Position

August 31

2020

2019

Assets

Current

Cash	\$ 86,006	-
Short-term investments	160,000	\$ 607,178
Amounts receivable and other	1,110,873	945,166
Prepaid expenses and inventory	<u>79,554</u>	<u>291,946</u>

	<u>1,436,433</u>	<u>1,844,290</u>
--	------------------	------------------

Long-term

Investments		
Internally designated	2,117,148	1,803,218
Restricted	55,062	52,638
Held for endowment	500,008	500,008
Property and equipment (Note 3)	<u>13,141,062</u>	<u>13,431,060</u>

	<u>15,813,280</u>	<u>15,786,924</u>
--	-------------------	-------------------

	<u>\$ 17,249,713</u>	<u>\$ 17,631,214</u>
--	----------------------	----------------------

Liabilities

Current

Bank indebtedness (Note 6)	\$ 1,195,138	\$ 2,988,156
Amounts payable and accrued liabilities	41,981	535,116
Deferred revenue	340,440	65,857
Current portion of loan payable (Note 7)	<u>82,930</u>	<u>-</u>
	1,660,489	3,589,129

Loan payable (Note 7)

	<u>2,200,215</u>	<u>-</u>
	3,860,704	3,589,129

Fund balances

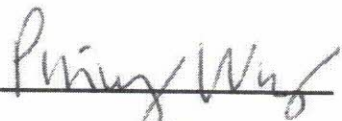
Operating	(6,037,184)	(4,545,713)
Invested in property and equipment (Note 4)	13,141,062	13,431,060
Internally designated (Note 5)	5,515,602	4,447,692
Externally restricted (Note 5)	269,521	209,038
Endowment (Note 5)	<u>500,008</u>	<u>500,008</u>


	<u>13,389,009</u>	<u>14,042,085</u>
--	-------------------	-------------------

	<u>\$ 17,249,713</u>	<u>\$ 17,631,214</u>
--	----------------------	----------------------

Commitments and contingencies (Note 8)
 COVID-19 (Note 13)

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)	2020	2019
	National	Camp	Campus	Total				
Revenue								
Donations	\$ 846,790	\$ 1,879,163	\$ 4,508,763	\$ 7,234,716	\$ -	\$ 1,889,573	\$ 9,124,289	\$ 9,874,474
Camp income	-	1,335,491	-	1,335,491	-	16,303	1,351,794	6,466,667
Campus income	-	-	129,278	129,278	-	-	129,278	317,957
Other revenue (Note 9)	1,128,322	1,557,346	338,659	3,024,327	-	90,741	3,115,068	1,108,843
Investment income	1,877	-	-	1,877	-	91,779	93,656	129,309
	<u>1,976,989</u>	<u>4,772,000</u>	<u>4,988,700</u>	<u>11,725,689</u>	<u>-</u>	<u>2,088,396</u>	<u>13,814,085</u>	<u>17,897,250</u>
Expenses								
Property insurance	277,186	-	-	277,186	-	-	277,186	275,058
Camp ministries	-	5,795,195	-	5,795,195	-	118,408	5,913,603	9,720,624
Campus ministries	-	-	4,546,435	4,546,435	-	560,971	5,107,406	6,119,037
National resource ministries	517,028	-	-	517,028	-	-	517,028	766,684
Property taxes	116,287	-	-	116,287	-	-	116,287	120,443
National services	1,260,001	-	-	1,260,001	-	155,935	1,415,936	1,340,478
Bank interest charges	134,879	-	-	134,879	-	14	134,893	107,362
Uncollectible amounts	269,393	209,320	-	478,713	-	-	478,713	-
Amortization	-	-	-	-	506,109	-	506,109	596,269
	<u>2,574,774</u>	<u>6,004,515</u>	<u>4,546,435</u>	<u>13,125,724</u>	<u>506,109</u>	<u>835,328</u>	<u>14,467,161</u>	<u>19,045,955</u>
Excess (deficiency) of								
Revenue over expenses	(597,785)	(1,232,515)	430,265	(1,400,035)	(506,109)	1,253,068	(653,076)	(1,148,705)
Interfund transfers	(237,536)	126,166	19,934	(91,436)	216,111	(124,675)	-	-
Changes in fund balances	(835,321)	(1,106,349)	450,199	(1,491,471)	(289,998)	1,128,393	(653,076)	(1,148,705)
Fund balances,								
beginning of year	(5,346,221)	(419,955)	1,220,463	(4,545,713)	13,431,060	5,156,738	14,042,085	15,190,790
Fund balances,								
end of year	<u>\$ (6,181,542)</u>	<u>\$ (1,526,304)</u>	<u>\$ 1,670,662</u>	<u>\$ (6,037,184)</u>	<u>\$ 13,141,062</u>	<u>\$ 6,285,131</u>	<u>\$ 13,389,009</u>	<u>\$ 14,042,085</u>

See accompanying notes to the consolidated financial statements

Inter-Varsity Christian Fellowship of Canada

Consolidated Statement of Cash Flows

Year ended August 31

2020

2019

Increase (decrease) in cash

Operating

Deficiency of revenue over expenses	\$ (653,076)	\$ (1,148,705)
Items not involving cash		
Amortization of property and equipment	506,109	596,269
Unrealized investment gains	(69,318)	(35,346)
	<u>(216,285)</u>	<u>(587,782)</u>

Net change in non-cash working capital items

Amounts receivable and other	(165,707)	(231,723)
Prepaid expenses and inventory	212,392	-
Amounts payable and accrued liabilities	(493,135)	359,516
Deferred revenue	274,583	65,857

	<u>(171,867)</u>	<u>127,793</u>
	<u>(388,152)</u>	<u>(459,989)</u>

Financing

Proceeds from (payments to) bank indebtedness (net)	(1,793,018)	732,564
Proceeds from term loan	2,300,000	-
Repayment of term loan	(16,855)	-
	<u>490,127</u>	<u>732,564</u>

Investing

Changes in investments (net)	200,142	(67,411)
Additions to property and equipment	(216,111)	(345,716)
	<u>(15,969)</u>	<u>(413,127)</u>

Net increase (decrease) in cash for the year

	<u>86,006</u>	<u>(140,547)</u>
--	---------------	------------------

Cash

Beginning of year	-	140,547
End of year	<u>\$ 86,006</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2020

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. Inter-Varsity 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.

On September 1, 2020, Inter-Varsity amalgamated with Inter-Varsity Ministries Foundation to continue as Inter-Varsity Christian Fellowship of Canada. As the assets and liabilities of both entities were transferred to the new entity on September 1, 2020, Inter-Varsity Christian Fellowship of Canada and Inter-Varsity Ministries Foundation will effectively continue as the new entity and accordingly, going concern accounting has been applied to these financial statements.

During the year, the Board of Directors approved a change in year end from August 31 to December 31 to better align with operations of the newly amalgamated organization.

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.

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2020

2. Summary of significant accounting policies (continued)

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.

(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.

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2020

2. Summary of significant accounting policies (continued)

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

Long-lived assets, including property subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

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, amounts payable, and term loan.

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.

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2020

2. Summary of significant accounting policies (continued)

Adoption of new standards

On September 1, 2019, Inter-Varsity adopted new accounting standards Section 4433 *Tangible capital assets held by not-for-profit organizations*. The most significant requirements include:

- tangible capital assets must be separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components;
- tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts; and
- additional disclosures when an impairment has occurred.

The adoption of the new accounting standards was applied prospectively, except Inter-Varsity was permitted to recognize an adjustment to opening net assets at September 1, 2019 to reflect partial impairments of tangible assets existing at that date. The adoption of these standards did not have any impact on the statement of financial position as at September 1, 2019 and the changes in financial position for the current period.

3. Property and equipment

	<u>2020</u>	<u>2019</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1,892,657	\$ -	\$ 1,892,657	\$ 1,892,657
Buildings	16,792,143	5,762,714	11,029,429	11,192,192
Equipment	<u>1,852,265</u>	<u>1,633,289</u>	<u>218,976</u>	<u>346,211</u>
	<u>\$ 20,537,065</u>	<u>\$ 7,396,003</u>	<u>\$ 13,141,062</u>	<u>\$ 13,431,060</u>

4. Investment in property and equipment

Investment in property and equipment is calculated as follows:

	<u>2020</u>	<u>2019</u>
	<u>Net Book Value</u>	<u>Net Book Value</u>
Balance, beginning of the year	\$13,431,060	\$ 12,851,015
Amortization of capital assets	(506,109)	(596,269)
Purchase of capital assets	216,111	345,716
Capital assets financed through Bank indebtedness	<u>-</u>	<u>830,598</u>
Balance, end of year	<u>\$ 13,141,062</u>	<u>\$ 13,431,060</u>

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2020

5. Special purpose funds

	Opening Balances August 31, 2019	<u>Revenue</u>	<u>Expenses</u>	<u>Transfers In (Out)</u>	Closing Balances August 31, 2020
Internally designated funds	\$ 4,447,692	\$ 1,564,540	\$ 345,724	\$ (150,906)	\$ 5,515,602
Externally restricted funds	209,038	513,499	460,866	7,850	269,521
Endowment funds	<u>500,008</u>	<u>10,357</u>	<u>28,738</u>	<u>18,381</u>	<u>500,008</u>
	<u>\$ 5,156,738</u>	<u>\$ 2,088,396</u>	<u>\$ 835,328</u>	<u>\$ (124,675)</u>	<u>\$ 6,285,131</u>

6. Bank indebtedness

During the year, Inter-Varsity Ministries Foundation renegotiated the existing line of credit with The Bank of Nova Scotia. The line of credit was reduced to \$2,000,000 (previously at \$3,000,000). 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, 2020, the line of credit was drawn down by \$1,195,138 (2019 - \$2,988,156) and bears interest at prime plus 0.50%.

7. Loan payable

	<u>2020</u>	<u>2019</u>
Bank fixed rate non-revolving term loan, repayable in monthly payments of \$14,513 (principal plus interest), bearing interest at a fixed rate of 4.47% per annum, due in full in October 2024.	\$ 2,283,145	\$ -
Less current portion	<u>(82,930)</u>	-
	<u>\$ 2,200,215</u>	<u>\$ -</u>

On October 9, 2019, Inter-Varsity Ministries Foundation entered in to a term loan agreement for a \$2,300,000 non-revolving loan. The facilities (bank indebtedness and term loan) are secured through a general security agreement and a first collateral mortgage of \$4,300,000 on the Ontario Pioneer camp property. Inter-Varsity Christian Fellowship of Canada has guaranteed the loan up to \$3,500,000.

The bank allowed the Foundation to defer principal plus interest payments for three months, resulting in an additional \$25,576 of interest accrued on the loan payable. Interest expense of \$85,305 (2019 - \$Nil) was paid during the year.

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2020

7. Loan payable (continued)

Pursuant to the credit agreement, the Foundation must comply with certain covenants including a debt service coverage ratio. At the financial position date, the debt service coverage ratio was met.

Estimated scheduled repayments on the loan over the next five years are as follows:

2021	82,930
2022	81,146
2023	84,813
2024	88,160
2025	1,946,096
	<hr/>
	\$ 2,283,145

8. 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 expires in fiscal 2023, office equipment expire in fiscal 2024 and the camp site lease expires in 2030.

Minimum future payments are as follows:

2021	\$ 375,000
2022	314,000
2023	196,000
2024	9,000
2025	3,000
Thereafter	<hr/>
	\$ 910,000

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. These 5 properties were subsequently transferred to the Foundation and the camps continue to operate out of Inter-Varsity.

In the event the Foundation 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.

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2020

8. Commitments and contingencies (continued)

Gift from Crossroads Christian Communication Inc. (“Crossroads”) (continued)

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, the Foundation 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.

9. Government grant - wages

In April 2020, the organization applied for funding from the Federal government under the Canada Emergency Wage Subsidy Program (“CEWS”). Under the CEWS program, Inter-Varsity is entitled to receive a subsidy equal to 75% of an employee’s wages – up to a set amount per week. On May 15, 2020, the Canadian government announced the extension of the CEWS program until August 29, 2020, along with a retroactive broadening of eligibility for the CEWS. On July 27, 2020 and October 14, 2020, the Canadian government passed additional CEWS changes, including a further extension of the program until December 19, 2020; the Inter-Varsity will be able to benefit from the revised subsidy (See Note 13 – COVID-19).

During the year ended August 31, 2020, the Company recognized payroll subsidies under CEWS totaling \$2,277,498. These subsidies were recognized in Other Income on the statement of activities and changes in fund balances.

10. 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 \$189,769 (2019 - \$187,500) during the fiscal year.

11. 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 \$123,405 (2019 - \$102,793). Donations and grants to approved programs operated by IFES totalled \$336,041 (2019 - \$312,869). Donations and grants received from IFES were \$329,337 (2019 - \$333,025).

During the year, Inter-Varsity received donations and grants from Canadian Inter-Varsity Christian Fellowship Inc. (CIVCF) of \$609,071 (2019 - \$550,467). CIVCF is a 501(c) (3) charity established in 2007 to provide friends and alumni in the United States a means of supporting the ministries Inter-Varsity in Canada. Donations to staff made through IVCF-USA are received through CIVCF.

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2020

11. Related party transactions (continued)

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

12. 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.

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. The Foundation is exposed to interest rate risk on fixed income investments as the value of these investments will change with market fluctuations. Interest on the Foundation's bank indebtedness is subject to a variable interest rate. Changes in the prime rate can cause fluctuations in interest payments and cash flows. The loan payable has a fixed rate of interest and therefore is not subject to significant interest rate risk.

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.

Inter-Varsity Christian Fellowship of Canada

Notes to the Consolidated Financial Statements

August 31, 2020

13. COVID-19

The outbreak of a novel strain of coronavirus (“COVID-19”) was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Inter-Varsity could not run any of the summer camps this year, resulting in a loss of revenue of approximately \$4,000,000. However, contributions from donors remain strong. Inter-Varsity encourages the camp and campus staff to be creative given the current reality and continue to focus on meaningful results to maintain forward momentum. The government wage subsidies received were instrumental in supporting and maintaining a core staff presence at camp and campus locations. Inter-Varsity continues to qualify for the wage subsidies and has received \$183,000 in grants for September 2020. Management has also implemented a rolling 6-month budget compared against actuals to monitor cash flows.

The duration and impact of the pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the Inter-Varsity for future periods.

14. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2020 consolidated financial statements.