



Financial Statements

Inter-Varsity Christian Fellowship of Canada

December 31, 2020 (Note 1)

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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 financial statements of Inter-Varsity Christian Fellowship of Canada ("Inter-Varsity"), which comprise the statement of financial position as at December 31, 2020, and the statement of activities and changes in fund balances, and statement of cash flows for the period from September 1, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Inter-Varsity as at December 31, 2020, and the results of its operations and its cash flows for the period from September 1, 2020 to December 31, 2020, 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 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 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 Notes 1 and 3 to the financial statements, which indicate 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. All the assets, liabilities and net assets of both Inter-Varsity Christian Fellowship of Canada and Inter-Varsity Ministries Foundation became those of the new entity on September 1, 2020. In addition, the newly amalgamated organization changed its year end from August 31 to December 31.

Merger accounting was applied retrospectively to the comparative information in these financial statements, including the statement of financial position as at August 31, 2020, and the statement of activities and changes in fund balances, and statement of cash flows for the year then ended, showing the combined results of the comparative period as though the entities had always been combined.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the 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
May 25, 2021

Chartered Professional Accountants
Licensed Public Accountants

Inter-Varsity Christian Fellowship of Canada

Statement of Financial Position

As at December 31
2020
(Note 1) August 31
2020
(Note 3)

Assets

Current

Cash	\$ 177,438	\$ 86,006
Short-term investments		
Operating (Note 4)	160,000	160,000
Internally designated (Note 4)	453,123	489,537
Amounts receivable	748,160	987,599
Prepaid expenses	<u>59,530</u>	<u>79,554</u>

1,598,251 1,802,696

Long-term

Investments

Internally designated (Note 4)	1,767,927	1,627,611
Restricted (Note 4)	100,000	55,062
Held for endowment (Note 4)	500,008	500,008
Property and equipment (Note 5)	<u>13,050,454</u>	<u>13,141,062</u>

15,418,389 15,323,743

\$ 17,016,640 \$ 17,126,439

Liabilities

Current

Bank indebtedness (Note 7)	\$ 322,366	\$ 1,071,864
Amounts payable and accrued liabilities (Note 13)	8,373	41,981
Deferred revenue	331,869	340,440
Current portion of loan payable (Note 8)	<u>77,671</u>	<u>82,930</u>
	740,279	1,537,215

Loan payable (Note 8)

2,180,266 2,200,215
2,920,545 3,737,430

Fund balances

Operating	(6,027,131)	(6,037,184)
Invested in property and equipment	13,050,454	13,141,062
Internally designated (Note 6)	6,264,945	5,515,602
Externally restricted (Note 6)	307,819	269,521
Endowment (Note 6)	<u>500,008</u>	<u>500,008</u>

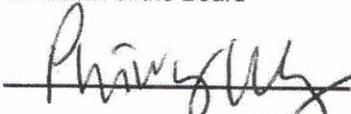
14,096,095 13,389,009

\$ 17,016,640 \$ 17,126,439

Commitments and contingencies (Note 9)

COVID-19 (Note 16)

On behalf of the Board

 Director

 Director

See accompanying notes to the financial statements

Inter-Varsity Christian Fellowship of Canada

Statement of Activities and Changes in Fund Balances

Period ended

	Operating Fund				Property Fund	Special Purpose Funds (Note 6)	4 months ended December 31 2020 (Note 1)	Year ended August 31 2020 (Note 3)
	National	Camp	Campus	Total				
Revenue								
Donations	\$ 311,664	\$ 1,086,051	\$ 1,692,917	\$ 3,090,632	\$ -	\$ 707,592	\$ 3,798,224	\$ 9,124,289
Camp income	-	113,555	-	113,555	-	5,730	119,285	1,351,794
Campus income	-	-	12,000	12,000	-	-	12,000	129,278
Other revenue (Note 10)	338,951	323,643	-	662,594	-	53,769	716,363	3,115,068
Investment income	-	-	-	-	-	154,025	154,025	93,656
	<u>650,615</u>	<u>1,523,249</u>	<u>1,704,917</u>	<u>3,878,781</u>	<u>-</u>	<u>921,116</u>	<u>4,799,897</u>	<u>13,814,085</u>
Expenses								
Property insurance	-	-	-	-	-	-	-	277,186
Camp ministries	-	1,604,379	-	1,604,379	-	-	1,604,379	5,913,603
Campus ministries	-	-	1,565,274	1,565,274	-	134,294	1,699,568	5,107,406
National resource ministries	-	-	-	-	-	-	-	517,028
Property taxes	-	-	-	-	-	-	-	116,287
National services	572,177	-	-	572,177	-	49,570	621,747	1,415,936
Bank interest charges	-	-	-	-	-	-	-	134,893
Uncollectible amounts	-	-	-	-	-	-	-	478,713
Amortization	-	-	-	-	167,117	-	167,117	506,109
	<u>572,177</u>	<u>1,604,379</u>	<u>1,565,274</u>	<u>3,741,830</u>	<u>167,117</u>	<u>183,864</u>	<u>4,092,811</u>	<u>14,467,161</u>
Excess (deficiency) of								
Revenue over expenses	78,438	(81,130)	139,643	136,951	(167,117)	737,252	707,086	(653,076)
Interfund transfers	(190,681)	40,545	23,239	(126,897)	76,510	50,387	-	-
Changes in fund balances	(112,243)	(40,585)	162,882	10,054	(90,607)	787,639	707,086	(653,076)
Fund balances,								
beginning of year	(6,181,543)	(1,526,304)	1,670,662	(6,037,185)	13,141,061	6,285,133	13,389,009	14,042,085
Fund balances,								
end of year	<u>\$ (6,293,786)</u>	<u>\$ (1,566,889)</u>	<u>\$ 1,833,544</u>	<u>\$ (6,027,131)</u>	<u>\$ 13,050,454</u>	<u>\$ 7,072,772</u>	<u>\$ 14,096,095</u>	<u>\$ 13,389,009</u>

See accompanying notes to the financial statements

Inter-Varsity Christian Fellowship of Canada

Statement of Cash Flows

	4 months ended December 31 2020 (Note 1)	Year ended August 31 2020 (Note 3)
<hr/>		
Increase (decrease) in cash		
Operating		
Excess (deficiency) of revenue over expenses	\$ 707,086	\$ (653,076)
Items not involving cash		
Amortization of property and equipment	167,117	506,109
Unrealized investment gains	<u>121,048</u>	<u>(69,318)</u>
	<u>995,251</u>	<u>(216,285)</u>
Net change in non-cash working capital items		
Amounts receivable	239,439	(42,433)
Prepaid expenses	20,024	212,392
Amounts payable and accrued liabilities	(33,608)	(493,135)
Deferred revenue	<u>(8,571)</u>	<u>274,583</u>
	<u>217,284</u>	<u>(48,593)</u>
	<u>1,212,535</u>	<u>(264,878)</u>
Financing		
Proceeds from (payments to) bank indebtedness (net)	(749,498)	(1,916,292)
Proceeds from term loan	-	2,300,000
Repayment of term loan	<u>(25,208)</u>	<u>(16,855)</u>
	<u>(774,706)</u>	<u>366,853</u>
Investing		
Changes in investments (net)	(269,888)	200,142
Additions to property and equipment	<u>(76,509)</u>	<u>(216,111)</u>
	<u>(346,397)</u>	<u>(15,969)</u>
Net increase in cash	91,432	86,006
Cash		
Beginning of year	<u>86,006</u>	<u>-</u>
End of year	<u>\$ 177,438</u>	<u>\$ 86,006</u>

See accompanying notes to the financial statements

Inter-Varsity Christian Fellowship of Canada

Notes to the Financial Statements

December 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 ("IVMF") to continue as Inter-Varsity Christian Fellowship of Canada. See Note 3 for further details.

In addition, 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. As such, the financial statements reflect 4 months of operations and comparative figures reflect 12 months.

2. Summary of significant accounting policies

The 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:

Estimates

The preparation of the 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 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 Financial Statements

December 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 the board of directors 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 (Note 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 period in which they are received. Unrestricted contributions are recognized as revenue in the fiscal period 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 period 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 period 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 financial statements.

Inter-Varsity Christian Fellowship of Canada

Notes to the Financial Statements

December 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 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 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, bank indebtedness 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 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 statement of activities and changes in fund balances.

Inter-Varsity Christian Fellowship of Canada

Notes to the Financial Statements

December 31, 2020

3. Amalgamation

On September 1, 2020, Inter-Varsity Christian Fellowship of Canada amalgamated with Inter-Varsity Ministries Foundation to collectively improve operational efficiencies of the two charities. Inter-Varsity Ministries Foundation was a related party under common control incorporated under the Canada Not-for-Profit Corporations Act. The combined organizations have retained the name Inter-Varsity Christian Fellowship of Canada. The principles and guidance in Section 4449, *Combinations by not-for-profit organizations* in Part III of the CPA Canada Handbook, effective for fiscal years beginning on or after January 1, 2022, have been adopted to account for the combination.

Since the organizations were under common control, the combination has been accounted for as a merger under Section 4449. As a result, the financial statements of the amalgamated organization present the combined assets, liabilities, fund balances and operations from the predecessor organizations Inter-Varsity Christian Fellowship of Canada and Inter-Varsity Ministries Foundation at their carrying amounts and as if they have been combined since the inception of both organizations.

The comparative figures show the aggregated results for the two organizations when they were operating independently, with adjustments to eliminate inter-company transactions and balances. The adjustments are as follows:

	<u>Inter-Varsity</u>	<u>IVMF</u>	<u>Adjustments</u>	<u>Combined Inter-Varsity</u>
Aggregate statement of activities, year ended August 31, 2020				
Total revenue	\$ 13,368,939	\$ 838,619	\$ (393,473)	\$ 13,814,085
Total expenses	<u>13,875,427</u>	<u>985,207</u>	<u>(393,473)</u>	<u>14,467,161</u>
Surplus (deficiency) of revenue over expenses	<u>(506,488)</u>	<u>(146,588)</u>	<u>-</u>	<u>(653,076)</u>
Aggregate statement of financial position, year ended August 31, 2020				
Total assets	<u>6,297,685</u>	<u>16,822,996</u>	<u>(5,994,242)</u>	<u>17,126,439</u>
Total liabilities	6,253,186	3,478,486	(5,994,242)	3,737,430
Fund balances:				
Operating	(6,494,094)	456,910	-	(6,037,184)
Property fund	4,519,654	8,621,408	-	13,141,062
Internally designated	1,804,480	3,711,122	-	5,515,602
Externally restricted	214,459	55,062	-	269,521
Endowment	<u>-</u>	<u>500,008</u>	<u>-</u>	<u>500,008</u>
	<u>44,499</u>	<u>13,344,510</u>	<u>-</u>	<u>13,389,009</u>
	<u>\$ 6,297,685</u>	<u>\$ 16,822,996</u>	<u>\$ (5,994,242)</u>	<u>\$ 17,126,439</u>

No adjustments were necessary to align the accounting policies of the amalgamated organizations.

Inter-Varsity Christian Fellowship of Canada

Notes to the Financial Statements

December 31, 2020

4. Investments

Investments consist of the following:

	<u>December 31</u> <u>2020</u>	<u>August 31</u> <u>2020</u>
Cash and cash equivalents	\$ 432,241	\$ 408,991
Guaranteed investment certificates	160,000	160,000
Fixed income	686,406	703,775
US equities	160,041	157,212
Canadian equities	<u>1,542,370</u>	<u>1,402,240</u>
	2,981,058	2,832,218
Less: short term investments		
Operating	(160,000)	(160,000)
Internally designated	<u>(453,123)</u>	<u>(489,537)</u>
Long term investments	<u>\$ 2,367,935</u>	<u>\$ 2,182,681</u>

5. Property and equipment

	<u>December 31</u> <u>2020</u>	<u>August 31</u> <u>2020</u>		
	<u>Cost</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>	<u>Net Book</u> <u>Value</u>
Land	\$ 1,892,657	\$ -	\$ 1,892,657	\$ 1,892,657
Buildings	16,825,476	5,879,218	10,946,258	11,029,429
Equipment	<u>1,755,122</u>	<u>1,543,583</u>	211,539	<u>218,976</u>
	<u>\$ 20,473,255</u>	<u>\$ 7,422,801</u>	<u>\$ 13,050,454</u>	<u>\$ 13,141,062</u>

6. Special purpose funds

	<u>Opening</u> <u>Balances</u> <u>August 31</u> <u>2020</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Transfers</u> <u>In (Out)</u>	<u>Closing</u> <u>Balances</u> <u>December 31</u> <u>2020</u>
Internally designated funds	\$ 5,515,604	\$ 699,795	\$ 32,399	\$ 81,945	\$ 6,264,945
Externally restricted funds	269,521	186,581	138,281	(10,002)	307,819
Endowment funds	<u>500,008</u>	<u>34,740</u>	<u>13,184</u>	<u>(21,556)</u>	<u>500,008</u>
	<u>\$ 6,285,133</u>	<u>\$ 921,116</u>	<u>\$ 183,864</u>	<u>\$ 50,387</u>	<u>\$ 7,072,772</u>

Inter-Varsity Christian Fellowship of Canada

Notes to the Financial Statements

December 31, 2020

7. Bank indebtedness

Inter-Varsity holds a line of credit with The Bank of Nova Scotia for \$2,000,000. 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. As at December 31, 2020, the line of credit was drawn down by \$322,366 (August 2020 - \$1,071,864) and bears interest at prime plus 0.50%.

8. Loan payable

	December 31 <u>2020</u>	August 31 <u>2020</u>
Bank fixed rate non-revolving term loan, repayable in monthly payments of \$14,795 (principal plus interest), bearing interest at a fixed rate of 4.47% per annum, due in full in October 2024.	\$ 2,257,937	\$ 2,283,145
Less current portion	<u>(77,671)</u>	<u>(82,930)</u>
	<u>\$ 2,180,266</u>	<u>\$ 2,200,215</u>

Inter-Varsity holds a \$2,300,000 non-revolving term 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 has guaranteed the loan up to \$3,500,000.

Pursuant to the credit agreement, Inter-Varsity 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 four years are as follows:

2021	\$ 77,671
2022	82,050
2023	85,754
2024	<u>2,012,462</u>
	<u>\$ 2,257,937</u>

Inter-Varsity Christian Fellowship of Canada

Notes to the Financial Statements

December 31, 2020

9. 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	\$ 350,000
2022	305,000
2023	107,000
2024	4,000
2025	3,000
Thereafter	<u>15,000</u>
	<u>\$ 784,000</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.

Inter-Varsity Christian Fellowship of Canada

Notes to the Financial Statements

December 31, 2020

10. 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. The Canadian government announced the extension of the CEWS program until September 2021; the Inter-Varsity will be able to continue to benefit from the extension of the subsidy (See Note 16 – COVID-19).

During the period from September 1, 2020 to December 31, 2020, the Organization recognized payroll subsidies under CEWS totaling \$423,113 (April to August 2020 - \$2,277,498). These subsidies were recognized in Other Income on the statement of activities and changes in fund balances.

11. Pension plan

Inter-Varsity maintains a defined contribution pension plan for its employees. Included in the statement of activities and changes in fund balances are contributions to the plan by Inter-Varsity of \$86,453 (12 months ended August 2020 - \$189,769) during the fiscal period.

12. 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 \$38,804 (12 months ended August 2020 - \$123,405). Donations and grants to approved programs operated by IFES totalled \$92,930 (12 months ended August 2020 - \$336,041). Donations and grants received from IFES were \$120,334 (12 months ended August 2020 - \$329,337).

During the period, Inter-Varsity received donations and grants from Canadian Inter-Varsity Christian Fellowship Inc. (CIVCF) of \$151,132 (12 months ended August 2020 - \$609,071). 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.

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

13. Government remittances

There are no outstanding government remittances payable as at December 31, 2020 and 2019.

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14. 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 and there have been no significant changes from the prior year.

Liquidity risk

Inter-Varsity's liquidity risk represents the risk that Inter-Varsity could encounter difficulty in meeting obligations associated with the amounts payable, bank indebtedness and the term loan. Inter-Varsity manages its liquidity risk by maintaining sufficient cash balances and monitoring forecasted and actual cash flows. There have been no significant changes from the prior year.

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 not exposed to significant currency risk.

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. Interest on Inter-Varsity'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 and bank indebtedness are subject to 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.

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15. Subsequent event

Subsequent to year end, Inter-Varsity was named a co-defendant in a legal claim against the organization. The potential liability, if any, with respect to this claim is not determinable. Any loss related to this claim would be recorded in the year during which the amount of the liability is able to be estimated or adjustments to the amount recorded are determined to be required.

16. 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 was not able to conduct a few of the Fall programs and Year Round Ministries. However, donor contributions 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 \$181,315 in grants subsequent to year end. 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.