

The Canadian Jesuit Missions
(Also known as Canadian Jesuits International)

Financial Statements

June 30, 2016



Independent Auditors' Report

To the Members

The Canadian Jesuit Missions (Also Known As Canadian Jesuits International)

Report of the financial statements

We have audited the accompanying financial statements of **The Canadian Jesuit Missions (Also known as Canadian Jesuits International)** which comprise the statement of financial position as at **June 30, 2016** and the statements of operations, changes in net assets, and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the organization's records. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2016 and 2015, current assets as at June 30, 2016 and 2015, and net assets as at July 1 and June 30 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the period ended June 30, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at **June 30, 2016** and the results of its operations and the changes in net assets and cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Clarkson Rouble LLP

Mississauga, Ontario
December 12, 2016

Clarkson Rouble LLP
Chartered Professional Accountants
Licensed Public Accountants



The Canadian Jesuit Missions
(Also Known As Canadian Jesuits International)

Statement of Financial Position
As at June 30

	2016	2015
Assets		
Current		
Cash	\$ 2,283,717	\$ 1,943,729
Accounts receivable	26,378	46,307
Advances on program expenditure	352,974	419,388
	<u>2,663,069</u>	<u>2,409,424</u>
Investments		
Investment portfolio	13,585,419	13,404,750
Annuities (Note 3)	34,816	35,236
Other investments	1,036,474	38,248
	<u>14,656,709</u>	<u>13,478,234</u>
Capital assets (Note 4)	-	162,793
	\$17,319,778	\$16,050,451
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 42,776	\$ 31,366
Long Term Debt		
Annuities (Note 3)	34,816	35,236
Loan payable (Note 5)	96,509	97,674
	<u>131,325</u>	<u>132,910</u>
	<u>174,101</u>	<u>164,276</u>
Net Assets		
Capital assets fund	-	162,793
Project restricted fund	13,570,809	13,271,291
Sustainability fund	2,700,000	1,500,000
Unrestricted fund	874,868	952,091
	<u>17,145,677</u>	<u>15,886,175</u>
	\$17,319,778	\$16,050,451

See accompanying notes to the financial statements

On behalf of the Board:

 Director
 Director

The Canadian Jesuit Missions
 (Also Known As Canadian Jesuits International)

Statement of Operations
Year Ended June 30

	2016	2015
Revenue		
Contributions	\$ 1,910,451	\$ 2,403,858
Government grants	15,867	174,607
Interest income	13,588	15,035
Investment income	198,498	430,261
Gain on sale of property	950,364	-
Pension income (Note 2)	36,000	33,000
Rental income	11,664	27,160
Expense recovery and other income	8,996	35,706
	<u>3,145,428</u>	<u>3,119,627</u>
Expenses		
Programs - designated projects	1,528,583	1,181,976
Programs - education and awareness	188,480	141,431
Administration	95,412	95,670
Fundraising	51,921	32,459
Property expenses	21,530	30,652
	<u>1,885,926</u>	<u>1,482,188</u>
Excess of revenue over expenses for the year	\$ 1,259,502	\$ 1,637,439

See accompanying notes to the financial statements

The Canadian Jesuit Missions
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Statement of Changes in Net Assets
Year Ended June 30

	Capital Assets Fund	Project Restricted Fund	Sustainability Fund	Unrestricted Fund	2016 Total	2015 Total
Balance, beginning of year	\$ 162,793	\$ 13,271,291	\$ 1,500,000	\$ 952,091	\$ 15,886,175	\$ 14,248,736
Excess of revenue over expenses	-	299,518	-	959,984	1,259,502	1,637,439
Sale of property	(162,793)	-	162,793	-	-	-
Net transfer to internally restricted fund	-	-	1,037,207	(1,037,207)	-	-
Balance, end of year	\$ -	\$ 13,570,809	\$ 2,700,000	\$ 874,868	\$ 17,145,677	\$ 15,886,175

See accompanying notes to the financial statements

The Canadian Jesuit Missions
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Statement of Cash Flows
Year Ended June 30

	2016	2015
Cash provided by operating activities		
Excess of revenue over expenses for the year	\$ 1,259,502	\$ 1,637,439
Items not requiring an outlay of cash		
Gain on sale of property	(950,364)	-
	309,138	1,637,439
Changes in working capital		
Accounts receivable	19,929	(30,308)
Advances on program expenditures	66,414	190,794
Accounts payable and accrued liabilities	11,410	(10,164)
Deferred revenue	-	(143,309)
Increase from operating activities	406,891	1,644,452
Investing activities		
Increase in investment portfolio	(180,669)	(1,540,903)
Increase (decrease) in other investments	(998,226)	1,336
Decrease in loan payable	(1,165)	(133,644)
Proceeds on the sale of property	1,113,157	-
Decrease from investing activities	(66,903)	(1,673,211)
Increase (decrease) in cash	339,988	(28,759)
Cash, beginning of year	1,943,729	1,972,488
Cash, end of year	\$ 2,283,717	\$ 1,943,729

See accompanying notes to the financial statements

The Canadian Jesuit Missions

(Also Known As Canadian Jesuits International)

Notes to Financial Statements

June 30, 2016

The organization was incorporated under The Corporations Act, 1953 of the Province of Ontario without share capital and is a registered charity under the Income Tax Act of Canada, exempt from income taxes in Canada. Its original purpose was to promote and foster interest in and furnish assistance to missions conducted by The Jesuit Fathers of the Province of Upper Canada. It has evolved into a Jesuit organization committed to the service of faith and promotion of justice with a preferential option for the poor and marginalized members of the human community.

1. Summary of accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized as follows:

a) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded as revenue when received. Grants are recorded as deferred revenue if they have not been spent for the specific purposes for which they were intended by the end of the current fiscal year.

b) Programs and funds

Programs are recorded as an expense in these financial statements upon the transfer of funds and confirmation of the expenditure to various agencies and/or members of The Canadian Jesuit Missions (Also known as Canadian Jesuit International, "CJI").

Project Restricted Fund - These funds represent donations that have been designated by the donors for specific projects.

Sustainability Fund - This fund has been set up by the board as a restricted capital fund to generate investment income to support annual operations.

The Canadian Jesuit Missions

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Notes to Financial Statements

June 30, 2016

1. Summary of accounting policies (continued)

c) Investment Portfolio

Investment portfolio consists of marketable securities and is managed by Letko Brosseau and Associates Inc. and Mackenzie Institutional. They are initially recognized at fair value on the date of acquisition and subsequently re-measured at fair value at each reporting date. Unrealized gains and losses arising from the change in fair value of these investments are included in the statement of operations.

d) Other Investments

Other investments are recorded and measured at fair market value.

e) Capital Assets

Capital assets are stated at cost. Amortization, which is designed to charge the cost to revenue over the estimated useful lives, is provided using the 20% straight-line basis per annum on office furniture and equipment and leasehold improvements which is designed to charge the cost to revenue over the estimated useful lives. Land and real estate are not being amortized.

f) Impairment of long-lived assets

A long lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

g) Allocation of expenses

The Canadian Jesuit Missions engages in various programs. The costs for these programs include the costs of personnel and other expenses that are directly related to providing the program. The Canadian Jesuit Missions also incurs payroll expenses that are common to the administration and fundraising for the organization and each of its programs. The organization allocates certain of its payroll expenses on the basis of estimated time spent on each function. This basis is applied consistently each year.

The Canadian Jesuit Missions

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Notes to Financial Statements

June 30, 2016

1. Summary of accounting policies (continued)

h) Measurement of Financial instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. The Organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments which are measured at fair value without adjustment for transaction costs that would be incurred on the disposal and changes in fair value are recognized in income in the period. Transaction costs associated with the acquisition of these investments is recognized in net income in the period incurred.

Financial assets measured at cost include cash and accounts receivable. Financial liabilities measured at cost include accounts payable, accrued liabilities and loan payable.

i) Measurement Uncertainty

The preparation of Organization's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the financial statements relate to certain accrued liabilities and the estimated useful lives of capital assets.

2. Related Party Transactions

The Jesuit Fathers of Upper Canada operate throughout Canada a number of ministries, projects and apostolates as separate entities. Some of these entities are separately incorporated and/or registered as charitable organizations under the Income Tax Act. Others are neither incorporated nor registered. The Provincial of The Jesuit Fathers of Upper Canada has the authority to exercise significant influence over each of the entities. The Canadian Jesuit Missions (Also known as Canadian Jesuit International) is one of those entities as indicated in Note 1. During the year, CJI received \$36,000 (2015 - \$33,000) in pension income from the Jesuit Fathers of Upper Canada.

The Canadian Jesuit Missions
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Notes to Financial Statements
June 30, 2016

3. Annuities

The Canadian Jesuit Missions (Also known as Canadian Jesuit International) is the beneficial owner of annuity contracts in the amount of \$34,816 (2015 - \$35,236). Under the terms and conditions of these contracts, the contributors are entitled to the revenue of and/or specific payments from the annuities until their deaths, at which time the balances of the annuity contracts become payable to the Canadian Jesuit Missions (Also known as Canadian Jesuits International). For purposes of these financial statements, the recording of the revenues from the contributions of the annuity contracts have been deferred until such time as the balances of the annuities become payable to The Canadian Jesuit Missions (Also known as Canadian Jesuit International).

4. Capital assets

	2016			2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and real estate	\$ -	\$ -	\$ -	\$ 162,793

5. Loan Payable

The loan payable consists of funds that are held on behalf of Jesuit Missions in Jamaica. The loan payable is non-interest bearing and payable on demand. It is management's opinion that no repayment will be made during the next fiscal year.

6. Commitments

The organization currently has a rental agreement with Loretto College which commenced March 1, 2015 and ends February 28, 2018. Monthly lease payments are \$800 with option to renew on expiry.

7. Financial instruments

The Canadian Jesuit Missions, through its financial assets and financial liabilities, has exposure to the following risks from its use of financial instruments: credit risk and interest rate risk.

The Canadian Jesuit Missions
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Notes to Financial Statements
June 30, 2016

7. Financial instruments and risk management (continued)

Credit Risk

The Canadian Jesuit Missions's principal financial assets are cash, accounts receivable and investments, which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represent The Canadian Jesuit Missions's maximum credit exposure at the balance sheet date.

The Canadian Jesuit Missions's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by The Canadian Jesuit Missions's management based on previous experience and its assessment of the current economic environment. The credit risk on cash is limited because the counterparty is a chartered bank with a high credit rating assigned by national credit rating agencies. Similarly, the credit risk on investments is limited because the counterparties are corporations with high credit ratings assigned by national credit rating agencies.

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. The organization's portfolio investments expose the organization to market risk as such investments are subject to price changes in the open market. The company does not use derivative financial instruments to alter the effects of this risk.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by The Canadian Jesuit Missions.

8. Comparative figures

Certain comparative figures for 2015 have been reclassified to conform with the presentation adopted for 2016.

The Canadian Jesuit Missions
(Also Known As Canadian Jesuits International)
Statement of Financial Position - By Programs
As at June 30

	Darjeeling	Zambia	Jamaica	Diaspora	Greatest Needs Project	General	2016 Total	2015 Total
Assets								
Current Assets								
Cash	\$ 1,038,143	\$ 177,514	\$ 32,317	\$ 1,003,911	\$ 19,675	\$ 12,157	\$ 2,283,717	\$ 1,943,729
Accounts receivable	-	-	-	-	-	26,378	26,378	46,307
Advances on program expenditure	21,585	-	5,408	259,074	66,906	-	352,973	419,388
	1,059,728	177,514	37,725	1,262,985	86,581	38,535	2,663,068	2,409,424
Investments								
Investment portfolio	7,971,260	417,160	147,086	207,279	2,300,000	2,542,634	13,585,419	13,404,750
Annuities	-	-	-	-	-	34,816	34,816	35,236
Other investments	-	-	-	-	-	1,036,475	1,036,475	38,248
	7,971,260	417,160	147,086	207,279	2,300,000	3,613,925	14,656,710	13,478,234
Net Capital Assets								
Real estate and leasehold improvements	-	-	-	-	-	-	-	162,793
	\$ 9,030,988	\$ 594,674	\$ 184,811	\$ 1,470,264	\$ 2,386,581	\$ 3,652,460	\$ 17,319,778	\$ 16,050,451
Liabilities and Program Balances								
Current Liabilities								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,776	\$ 42,776	\$ 31,366
Long-Term Debt								
Annuities	-	-	-	-	-	34,816	34,816	35,236
Loan payable	-	-	96,509	-	-	-	96,509	97,674
	-	-	96,509	-	-	34,816	131,325	132,910
Program balances	9,030,988	594,674	88,302	1,470,264	2,386,581	3,574,868	17,145,677	15,886,175
	\$ 9,030,988	\$ 594,674	\$ 184,811	\$ 1,470,264	\$ 2,386,581	\$ 3,652,460	\$ 17,319,778	\$ 16,050,451

The Canadian Jesuit Missions
(Also Known As Canadian Jesuits International)
Statement of Operations and Changes in Net Assets - By Programs
Year Ended June 30

	Darjeeling	Zambia	Jamaica	Diaspora	Greatest Needs Project	General	2016 Total	2015 Total
Revenue								
Contributions	\$ 304,735	\$ 67,494	\$ 50,134	\$ 701,429	\$ 647,935	\$ 154,591	\$ 1,926,318	\$ 2,578,465
Interest income	-	-	-	-	-	13,588	13,588	15,035
Investment income	104,285	5,489	665	2,727	-	85,332	198,498	430,261
Pension income	28,800	7,200	-	-	-	-	36,000	33,000
Rental income	-	-	-	-	-	11,664	11,664	27,160
Expense recovery and other income	-	-	-	-	-	8,996	8,996	35,706
Gain on sale of property	-	-	-	-	-	950,364	950,364	-
	437,820	80,183	50,799	704,156	647,935	1,224,535	3,145,428	3,119,627
Expenses								
Programs - designated projects	530,361	17,263	29,699	775,949	70,355	104,956	1,528,583	1,181,976
Programs - education and awareness	-	-	-	-	-	188,480	188,480	141,431
Administrative	-	-	-	-	-	95,412	95,412	95,670
Fundraising	-	-	-	-	-	51,921	51,921	32,459
Property expenses	-	-	-	-	-	21,530	21,530	30,652
Handling fees	180,720	10,523	1,276	5,229	-	(197,748)	-	-
	711,081	27,786	30,975	781,178	70,355	264,551	1,885,926	1,482,188
Excess (deficiency) of revenue over expenses	(273,261)	52,397	19,824	(77,022)	577,580	959,984	1,259,502	1,637,439
Program balance, beginning of year	9,304,249	542,277	68,478	1,547,286	1,809,001	2,614,884	15,886,175	14,248,736
Program balance, end of year	\$ 9,030,988	\$ 594,674	\$ 88,302	\$ 1,470,264	\$ 2,386,581	\$ 3,574,868	\$ 17,145,677	\$ 15,886,175