

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

Financial Statements

June 30, 2017



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, 2017** 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 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, 2017 and 2016, current assets as at June 30, 2017 and 2016, and net assets as at July 1 and June 30 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the period ended June 30, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **The Canadian Jesuit Missions (also known as Canadian Jesuits International)** as at **June 30, 2017** and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Clarkson Rouble LLP

Mississauga, Ontario
November 11, 2017

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

	2017	2016
Assets		
Current		
Cash	\$ 1,543,298	\$ 2,283,717
Accounts receivable	10,481	26,378
Advances on program expenditure	344,299	352,973
	<u>1,898,078</u>	<u>2,663,068</u>
Investments		
Investment portfolio	14,865,825	13,585,419
Annuities (Note 3)	-	34,816
Other investments	2,619,105	1,036,475
	<u>17,484,930</u>	<u>14,656,710</u>
	<u>\$19,383,008</u>	<u>\$17,319,778</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 63,258	\$ 42,776
Long Term Debt		
Annuities (Note 3)	-	34,816
Loan payable (Note 4)	102,702	96,509
	<u>102,702</u>	<u>131,325</u>
	<u>165,960</u>	<u>174,101</u>
Net Assets		
Project restricted fund	15,008,321	13,570,809
Sustainability fund	2,700,000	2,700,000
Unrestricted fund	1,508,727	874,868
	<u>19,217,048</u>	<u>17,145,677</u>
	<u>\$19,383,008</u>	<u>\$17,319,778</u>

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

	2017	2016
Revenue		
Contributions	\$ 3,216,568	\$ 1,910,451
Government grants	-	15,867
Interest income	12,164	13,588
Investment income	1,343,586	198,498
Gain on sale of property	-	950,364
Pension income (Note 2)	30,000	36,000
Rental income	-	11,664
Expense recovery and other income	5,342	8,996
	<u>4,607,660</u>	<u>3,145,428</u>
Expenses		
Programs - designated projects	2,188,828	1,528,583
Programs - education and awareness	172,390	188,480
Administration	89,104	95,412
Fundraising	85,967	51,921
Property expenses	-	21,530
	<u>2,536,289</u>	<u>1,885,926</u>
Excess of revenue over expenses for the year	\$ 2,071,371	\$ 1,259,502

See accompanying notes to the financial statements

The Canadian Jesuit Missions
 (also known as Canadian Jesuits International)
Statement of Changes in Net Assets
Year Ended June 30

	Project Restricted Fund	Sustainability Fund	Unrestricted Fund	2017 Total	2016 Total
Balance, beginning of year	\$ 13,570,809	\$ 2,700,000	\$ 874,868	\$ 17,145,677	\$ 15,886,175
Excess of revenue over expenses	1,437,512	-	633,859	2,071,371	1,259,502
Balance, end of year	\$ 15,008,321	\$ 2,700,000	\$ 1,508,727	\$ 19,217,048	\$ 17,145,677

See accompanying notes to the financial statements

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

	2017	2016
Cash provided by operating activities		
Excess of revenue over expenses for the year	\$ 2,071,371	\$ 1,259,502
Items not requiring an outlay of cash		
Gain on sale of property	-	(950,364)
	2,071,371	309,138
Changes in working capital		
Accounts receivable	15,897	19,929
Advances on program expenditures	8,674	66,414
Accounts payable and accrued liabilities	20,482	11,410
Increase from operating activities	2,116,424	406,891
Investing activities		
Increase in investment portfolio	(1,280,406)	(180,669)
Increase in other investments	(1,582,630)	(998,226)
Increase (decrease) in loan payable	6,193	(1,165)
Proceeds on the sale of property	-	1,113,157
Decrease from investing activities	(2,856,843)	(66,903)
(Decrease) increase in cash	(740,419)	339,988
Cash, beginning of year	2,283,717	1,943,729
Cash, end of year	\$ 1,543,298	\$ 2,283,717

See accompanying notes to the financial statements

The Canadian Jesuit Missions

(also known as Canadian Jesuits International)

Notes to Financial Statements

June 30, 2017

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 Jesuits 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.

c) Financial Instruments

Financial instruments

An Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and liabilities at amortized cost except for its investment portfolio, other investments, annuities and loan payable which are measured at fair value. Changes in fair value are recognized in net income.

The Canadian Jesuit Missions
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Notes to Financial Statements

June 30, 2017

1. Summary of accounting policies (continued)

Financial assets measured at amortized cost include cash, accounts receivable and advances on program expenditures.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Equity investments that are quoted in an active market are measured at fair value. The Organization has elected to measure its investment portfolio, other investments, and annuities in their entirety at fair value, as it was felt to more accurately reflect the true value of these instruments. The Organization has also elected to measure the deferred annuities and loan payable at fair market value to correspond with the related investment balance.

Transaction costs

The Organization recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amount of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

d) 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.

e) Measurement Uncertainty

The preparation of the 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.

The Canadian Jesuit Missions

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Notes to Financial Statements

June 30, 2017

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 Jesuits International) is one of those entities as indicated in Note 1. During the year, CJI received \$30,000 (2016 - \$36,000) in pension income from the Jesuit Fathers of Upper Canada.

3. Annuities

The Canadian Jesuit Missions (also known as Canadian Jesuits International) was the beneficial owner of annuity contracts. 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 Jesuits International). During the current year the last annuity in the amount of \$36,483 (2016 - \$34,816) became payable to The Canadian Jesuit Missions (also known as Canadian Jesuits International) upon the death of the contributor. The remaining annuities balance is thus \$Nil in the current year.

4. 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.

5. 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.

The Canadian Jesuit Missions

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June 30, 2017

6. Financial instruments

The Canadian Jesuit Missions is exposed to various risks through its financial assets instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at the balance sheet date.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. 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. Actual exposure to credit losses have been minimal in the past due to the nature of its accounts receivable. Contributions are not recorded in receivables unless collection is reasonably assured. The allowance for doubtful accounts is \$Nil (2016 - \$Nil).

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization expects to meet these obligations as they come due by generating sufficient cash flows from operations. There has been no change in the risk assessment from the prior period.

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. The Organization is mainly exposed to interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or the issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk on its investment portfolio, annuities and other investments.

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	2017 Total	2016 Total
Revenue								
Contributions	\$ 374,899	\$ 50,098	\$ 20,253	\$ 516,644	\$ 1,928,812	\$ 325,862	\$ 3,216,568	\$ 1,926,318
Interest income	-	-	-	-	-	12,164	12,164	13,588
Investment income	710,106	36,387	4,529	18,564	-	574,000	1,343,586	198,498
Pension income	22,800	7,200	-	-	-	-	30,000	36,000
Rental income	-	-	-	-	-	-	-	11,664
Expense recovery and other income	-	-	-	-	-	5,342	5,342	8,996
Gain on sale of property	-	-	-	-	-	-	-	950,364
	1,107,805	93,685	24,782	535,208	1,928,812	917,368	4,607,660	3,145,428
Expenses								
Programs - designated projects	485,327	147,396	11,784	1,028,627	381,885	133,809	2,188,828	1,528,583
Programs - education and awareness	-	-	-	-	-	172,390	172,390	188,480
Administrative	-	-	-	-	-	89,104	89,104	95,412
Fundraising	-	-	-	-	-	85,967	85,967	51,921
Property expenses	-	-	-	-	-	-	-	21,530
Handling fees	180,620	10,593	1,285	5,263	-	(197,761)	-	-
	665,947	157,989	13,069	1,033,890	381,885	283,509	2,536,289	1,885,926
Excess (deficiency) of revenue over expenses	441,858	(64,304)	11,713	(498,682)	1,546,927	633,859	2,071,371	1,259,502
Program balance, beginning of year	9,030,988	594,674	88,302	1,470,264	2,386,581	3,574,868	17,145,677	15,886,175
Program balance, end of year	\$ 9,472,846	\$ 530,370	\$ 100,015	\$ 971,582	\$ 3,933,508	\$ 4,208,727	\$ 19,217,048	\$ 17,145,677