

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

Financial Statements

June 30, 2018



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, 2018** 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, 2018 and 2017, current assets as at June 30, 2018 and 2017, and net assets as at July 1 and June 30 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the period ended June 30, 2017 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, 2018** 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 16, 2018

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

	2018	2017
Assets		
Current		
Cash	\$ 843,677	\$ 1,543,298
Accounts receivable	7,189	10,481
Advances on program expenditure	652,323	344,299
	<u>1,503,189</u>	<u>1,898,078</u>
Investments		
Investment portfolio	15,690,257	14,865,826
Other investments	2,772,127	2,619,104
	<u>18,462,384</u>	<u>17,484,930</u>
	\$19,965,573	\$19,383,008
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 66,144	\$ 63,258
Long Term Debt		
Loan payable (Note 3)	105,688	102,702
	<u>171,832</u>	<u>165,960</u>
Net Assets		
Project restricted fund	15,223,372	15,008,321
Sustainability fund	2,700,000	2,700,000
Unrestricted fund	1,870,369	1,508,727
	<u>19,793,741</u>	<u>19,217,048</u>
	\$19,965,573	\$19,383,008

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

	2018	2017
Revenue		
Contributions	\$ 1,975,018	\$ 3,216,568
Interest income	6,780	12,164
Investment income	975,449	1,343,586
Pension income (Note 2)	22,800	30,000
Expense recovery and other income	20,055	5,342
	<u>3,000,102</u>	<u>4,607,660</u>
Expenses		
Programs - designated projects	2,046,437	2,188,828
Programs - education and awareness	197,374	172,390
Administration	92,723	89,104
Fundraising	86,875	85,967
	<u>2,423,409</u>	<u>2,536,289</u>
Excess of revenue over expenses for the year	\$ 576,693	\$ 2,071,371

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	2018 Total	2017 Total
Balance, beginning of year	\$ 15,008,321	\$ 2,700,000	\$ 1,508,727	\$ 19,217,048	\$ 17,145,677
Excess of revenue over expenses	215,051	-	361,642	576,693	2,071,371
Balance, end of year	\$ 15,223,372	\$ 2,700,000	\$ 1,870,369	\$ 19,793,741	\$ 19,217,048

See accompanying notes to the financial statements

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

Statement of Cash Flows
Year Ended June 30

	2018	2017
Cash provided by operating activities		
Excess of revenue over expenses for the year	\$ 576,693	\$ 2,071,371
Changes in working capital		
Accounts receivable	3,292	15,897
Advances on program expenditures	(308,024)	8,674
Accounts payable and accrued liabilities	2,886	20,482
Increase from operating activities	274,847	2,116,424
Investing activities		
Increase in investment portfolio	(824,431)	(1,280,406)
Increase in other investments	(153,023)	(1,582,630)
Increase (decrease) in loan payable	2,986	6,193
Decrease from investing activities	(974,468)	(2,856,843)
Decrease in cash	(699,621)	(740,419)
Cash, beginning of year	1,543,298	2,283,717
Cash, end of year	\$ 843,677	\$ 1,543,298

See accompanying notes to the financial statements

The Canadian Jesuit Missions

(also known as Canadian Jesuits International)

Notes to Financial Statements

June 30, 2018

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, 2018

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, 2018

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 \$22,800 (2017 - \$30,000) in pension income from the Jesuit Fathers of Upper Canada.

3. 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.

4. Commitments

The organization currently has a rental agreement with Loretto College which commenced March 1, 2017 and ends February 28, 2019. Monthly lease payments for the balance of the term are \$850.

5. 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 (2017 - \$Nil).

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June 30, 2018

5. Financial instruments (continued)

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	2018 Total	2017 Total
Revenue								
Contributions	\$ 242,082	\$ 103,630	\$ 10,749	\$ 923,876	\$ 527,582	\$ 167,099	\$ 1,975,018	\$ 3,216,568
Interest income	-	-	-	-	-	6,780	6,780	12,164
Investment income	453,095	20,402	2,910	11,927	42,182	444,933	975,449	1,343,586
Pension income	15,600	7,200	-	-	-	-	22,800	30,000
Program and other income	-	-	-	-	-	20,055	20,055	5,342
	710,777	131,232	13,659	935,803	569,764	638,867	3,000,102	4,607,660
Expenses								
Programs - designated projects	901,378	149,124	8,796	589,945	294,718	102,476	2,046,437	2,188,828
Programs - education and awareness	-	-	-	-	-	197,374	197,374	172,390
Administrative	-	-	-	-	-	92,723	92,723	89,104
Fundraising	-	-	-	-	-	86,875	86,875	85,967
Handling fees	185,552	9,811	1,346	5,514	-	(202,223)	-	-
	1,086,930	158,935	10,142	595,459	294,718	277,225	2,423,409	2,536,289
Excess (deficiency) of revenue over expenses	(376,153)	(27,703)	3,517	340,344	275,046	361,642	576,693	2,071,371
Program balance, beginning of year	9,472,846	530,370	100,015	971,582	3,933,508	4,208,727	19,217,048	17,145,677
Program balance, end of year	\$ 9,096,693	\$ 502,667	\$ 103,532	\$ 1,311,926	\$ 4,208,554	\$ 4,570,369	\$ 19,793,741	\$ 19,217,048