

Chalice (Canada)
Non-Consolidated Financial Statements
June 30, 2020

Chalice (Canada)
Contents

For the year ended June 30, 2020

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Independent Auditors' Report

To the Board of Chalice (Canada):

Opinion

We have audited the non-consolidated financial statements of Chalice (Canada) (the "Organization"), which comprise the non-consolidated statement of financial position as at June 30, 2020, and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Organization as at June 30, 2020, and the results of its non-consolidated operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the non-consolidated financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole 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 non-consolidated financial statements.

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

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

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

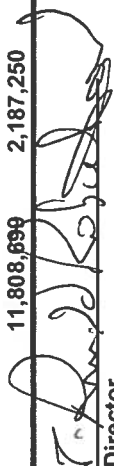
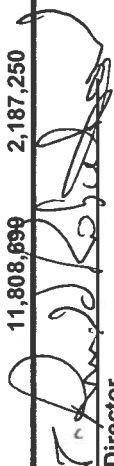
Dartmouth, Nova Scotia

October 26, 2020

MNP LLP

Chartered Professional Accountants

Chalice (Canada)
Non-Consolidated Statement of Financial Position
As at June 30, 2020

	General Fund	HDP/CP Fund	Urgency Fund	Christmas Fund	Endowment Fund	2020	2019
Assets							
Current							
Cash	1,125,715	-	-	-	-	1,125,715	1,162,524
Short-term investments (Note 3)	2,232,740	-	-	-	-	2,232,740	3,867,157
Prepaid expenses and deposits	35,765	-	-	-	-	35,765	29,264
HST receivable	51,404	-	-	-	-	51,404	69,672
Other receivables	59,268	-	-	-	-	59,268	28,226
Due from (to) funds (Note 5)	(3,239,334)	2,187,250	427,328	5,515	619,241	-	-
	265,558	2,187,250	427,328	5,515	619,241	3,504,892	5,156,843
Investments (Note 3)	6,957,270	-	-	-	-	6,957,270	3,987,122
Due from Chalice, Inc. (Note 4)	391,389	-	-	-	-	391,389	206,347
Capital assets (Note 6)	4,194,482	-	-	-	-	4,194,482	4,265,427
	11,808,699	2,187,250	427,328	5,515	619,241	15,048,033	13,615,739
Liabilities							
Current							
Accounts payable and accrued liabilities (Note 7)	1,093,957	-	-	-	-	1,093,957	697,179
Deferred contributions (Note 8)	3,259,041	-	-	-	-	3,259,041	3,556,808
	4,352,998	-	-	-	-	4,352,998	4,253,987
Deferred contributions (Note 8)	407,329	-	-	-	-	407,329	415,078
	4,760,327	-	-	-	-	4,760,327	4,669,065
Commitments (Note 9)							
COVID-19 (Note 13)							
Fund Balances							
Invested in capital assets	4,194,482	-	-	-	-	4,194,482	4,265,427
Restricted	-	2,187,250	427,328	5,515	619,241	3,239,334	1,858,772
Unrestricted general	2,853,890	-	-	-	-	2,853,890	2,822,475
	7,048,372	2,187,250	427,328	5,515	619,241	10,287,706	8,946,674
	11,808,699	2,187,250	427,328	5,515	619,241	15,048,033	13,615,739
Approved on behalf of the Board of Directors	 Director	 Director					

The accompanying notes are an integral part of these financial statements

Chalice (Canada)
Non-Consolidated Statement of Operations
For the year ended June 30, 2020

	General Fund	HDP/CP Fund	Urgency Fund	Christmas Fund	Endowment Fund	2020	2019
Revenues							
Sponsorship contributions	21,731,100	-	-	-	-	21,731,100	21,376,205
Special gift contributions	1,028,282	-	-	-	-	1,028,282	872,935
General contributions	1,424,838	-	-	-	-	1,424,838	1,296,335
Community projects fund contributions	-	1,683,219	-	-	-	1,683,219	1,137,562
Urgency fund contributions	-	-	817,513	-	-	817,513	351,056
Christmas donations	-	-	-	451,288	-	451,288	511,436
Endowment contributions	-	-	-	-	338,145	338,145	53,958
Catalogue contributions	1,918,471	-	-	-	-	1,918,471	1,810,205
Investment income	252,110	-	-	-	-	252,110	227,378
Unrealized gain (loss) on investments	(356,665)	-	-	-	-	(356,665)	67,390
Realized gain (loss) on disposal of investments	(5,857)	-	-	-	-	(5,857)	(76,674)
Fundraising contributions and other revenues	1,530,734	-	-	-	-	1,530,734	941,029
Prayer ministry contributions	5,912	-	-	-	-	5,912	4,432
Mission trip contributions	107,165	-	-	-	-	107,165	139,597
	27,636,090	1,683,219	817,513	451,288	338,145	30,926,255	28,712,844
Expenditures							
Program expenditures (Schedule 1)	23,797,937	1,210,653	1,062,217	507,435	-	26,578,242	25,552,766
Marketing expenditures (Schedule 1)	1,622,843	-	-	-	-	1,622,843	1,683,483
Administrative expenditures (Schedule 1)	1,184,157	-	-	-	-	1,184,157	1,127,053
Amortization	199,981	-	-	-	-	199,981	209,349
	26,804,918	1,210,653	1,062,217	507,435	-	29,585,223	28,572,651
Excess (deficiency) of revenue over expenditures	831,172	472,566	(244,704)	(56,147)	338,145	1,341,032	140,193

The accompanying notes are an integral part of these financial statements

Chalice (Canada)
Non-Consolidated Statement of Changes in Fund Balances
For the year ended June 30, 2020

	General Fund	Invested in Capital Assets	HDP/CP Fund	Urgency Fund	Christmas Fund	Endowment Fund	2020	2019
Fund balances, beginning of year	2,822,475	4,265,427	1,342,527	303,487	(68,338)	281,096	8,946,674	8,806,481
Excess (deficiency) of revenue over expenditures	1,031,153	(199,981)	472,566	(244,704)	(56,147)	338,145	1,341,032	140,193
Interfund transfer (Note 10)	(999,738)	129,036	372,157	368,545	130,000	-	-	-
Fund balances, end of year	2,853,890	4,194,482	2,187,250	427,328	5,515	619,241	10,287,706	8,946,674

The accompanying notes are an integral part of these financial statements

Chalice (Canada)
Non-Consolidated Statement of Cash Flows
For the year ended June 30, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenditures	1,341,032	140,193
Amortization	199,981	209,349
Realized loss on disposal of investments	5,857	76,674
Unrealized (gain) loss on investments	356,665	(67,390)
	1,903,535	358,826
Changes in working capital accounts		
Prepaid expenses and deposits	(6,501)	(8,752)
HST receivable	18,268	51,729
Other receivables	(31,042)	(28,226)
Accounts payable and accrued liabilities	396,778	(518,354)
Deferred contributions	(305,516)	(36,039)
	1,975,522	(180,816)
Investing		
Net advances to a related party	(185,042)	(135,450)
Proceeds on disposal of investments	4,062,282	2,767,653
Purchase of investments	(5,760,535)	(2,208,156)
Investment in capital assets	(129,036)	(116,209)
	(2,012,331)	307,838
Change in cash during the year	(36,809)	127,022
Cash, beginning of year	1,162,524	1,035,502
Cash, end of year	1,125,715	1,162,524

The accompanying notes are an integral part of these financial statements

Chalice (Canada)
Schedule 1 - Non-Consolidated Schedule of General Fund Expenditures
For the year ended June 30, 2020

	Program Expenditures	Marketing Expenditures	Administrative Expenditures	2020	2019
General Fund Expenditures					
Paid to Projects - Unrestricted Funds	21,950,355	-	-	21,950,355	21,986,033
Wages and salaries	1,245,809	1,011,190	627,210	2,884,209	2,789,544
Postage and courier	95,426	68,280	62,995	226,701	311,348
Bank charges and interest	20,640	280,233	4,551	305,424	283,006
Office	2,731	9,788	206,912	219,431	198,229
Mission trips	220,093	-	-	220,093	132,178
Printing	14,216	55,001	14,594	83,811	116,860
Travel and meetings	54,764	15,091	1,628	71,483	96,787
Printing and postage - newsletter	-	81,769	-	81,769	82,869
Professional fees	13,342	2,461	48,521	64,324	55,731
Rent and utilities	6,984	-	57,362	64,346	66,294
Property taxes	-	-	91,895	91,895	86,655
Miscellaneous	513	12,500	9,099	22,112	38,467
Other	1,626	1,851	5,143	8,620	13,126
Advertising and promotion	-	55,320	-	55,320	64,549
Prayer ministry	108,302	-	-	108,302	91,236
Telecommunications	127	161	26,148	26,436	27,198
Mission appeals - stipends	-	14,650	-	14,650	22,315
Insurance	-	-	28,099	28,099	26,518
Conferences	509	50	-	559	7,891
Mission appeals - travel	-	14,498	-	14,498	26,214
Donations to other registered charities	62,500	-	-	62,500	-
	23,797,937	1,622,843	1,184,157	26,604,937	26,523,048

1. Incorporation and nature of the organization

Chalice (Canada) (the "Organization") was incorporated on June 30, 1992 under the Canada Corporation Act and is a registered charitable organization and qualifies for tax-exempt status pursuant to paragraph 149 (1) (f) of the Income Tax Act.

The Organization's main purpose is to provide financial sponsorship to children and the aging in developing countries and to advance religion through the promotion of prayer by providing spiritual and educational resources nationally and internationally.

The Organization controls a related entity, Chalice, Inc. Related party transactions are disclosed in note 4.

These non-consolidated financial statements reflect the assets, liabilities and operations of the Organization. The non-consolidated financial statements do not reflect the assets, liabilities, and operations of Chalice, Inc. The financial statements of Chalice, Inc. are readily available to management. See note 14 for additional information relating to Chalice, Inc's statement of financial position and statement of operations for the year ended June 30, 2020.

2. Significant accounting policies

The non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

Fund accounting

The Organization follows the restricted fund method of accounting for contributions, and maintains five funds: General Fund, Human Development Programs and Capital Projects Fund (HDP/CP Fund), Urgency Fund, Christmas Fund and Endowment Fund, .

The General Fund reports the Organization's program delivery and administrative activities. The fund reports unrestricted resources and restricted resources for which there is not an appropriate restricted fund.

The Human Development Programs and Capital Projects Fund (HDP/CP Fund) reports the Organization's restricted resources that are to be used to provide funding for specific community projects under the following categories: education, nutrition, water, health care, community development and emergency funding.

The Urgency Fund reports the Organization's restricted resources that are to be used to provide funding to projects when urgent circumstances arise. Within the Urgency Fund, contributions may be restricted to be used at specific locations. When there is no longer a need for those resources at the specific locations, the remaining resources, which are usually minimal, can be used at any location when urgent circumstances arise. Amounts restricted to specific locations are described in note 9.

The Christmas Fund reports the Organization's reports the restricted resources that are to be used in providing additional resources at Christmas time.

The Endowment Fund reports the Organization's resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported in the General Fund and is used for expenses which achieve the purpose of the endowment to which it relates.

Revenue recognition

The Organization uses the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Rental revenue is recognized on a monthly basis as it is earned.

Endowment contributions are recognized as revenue in the Endowment Fund when funds are received.

Unrestricted investment income earned on Endowment Fund resources is recognized as revenue in the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

2. **Significant accounting policies** *(Continued from previous page)*

Investments

Investments include investments in guaranteed investment certificates, equities and mutual fund units.

The investments in guaranteed investment certificates are recorded at principal plus accrued interest, which approximates market value.

Equity investments and mutual fund units are recognized initially at fair value and transaction costs are taken directly to the statement of operations. They are subsequently remeasured at each year end at their fair value on the statement of financial position, with unrealized gains and losses recorded in the statement of operations. Publicly traded securities are valued based on the latest bid prices and pooled funds are valued based on reported unit values. Such indicated fair values do not necessarily represent the realizable value subsequent to year end, which may be more or less than that indicated by market quotations.

Capital assets

Purchased capital assets are recorded at cost. Amortization is provided using the diminishing balance method at the following rates intended to amortize the cost of assets over their estimated useful lives.

Buildings	6 %
Computer equipment	30 %
Computer software	30 %
Furniture and equipment	20 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Contributed services

A number of volunteers contribute their time each year. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Allocation of expenses

Wages and salaries for some employees have been allocated between programming, marketing and administration based on the estimated proportion of time spent by these employees. For the total wages and salaries of \$2,884,209 (2019 - \$2,789,544), \$637,630 (2019 - \$729,258) was allocated between the three functions, and of this amount, \$249,567 (2019 - \$286,366) was allocated to program expenditures.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Other receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2020

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, except for certain non-arm's length transactions which are measured at the exchange amount.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of unquoted equity instruments of another entity, are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenditures for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

Financial asset impairment:

The Organization assesses impairment of all of its financial assets measured at amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenditures.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenditures in the year the reversal occurs.

3. Investments

SHORT-TERM

Fixed Income - Guaranteed Investment Certificates:

	2020	2019
Credit Union, redeemable guaranteed investment certificates, maturing between February 5, 2021 and June 29, 2021, with yields to maturity of 1.35% to 2.10%	1,510,500	3,840,829
Scotiabank, redeemable guaranteed investment certificate, maturing on June 28, 2021 with a yield to maturity of 2.36%.	716,520	-
Accrued interest on guaranteed investment certificates	5,720	26,328
	2,232,740	3,867,157

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2020

3. Investments *(Continued from previous page)*

LONG-TERM

	2020	2019
CIBC Investor's Edge, equity investments (cost - \$2,376,574; 2019 - \$2,092,862)	2,007,447	2,068,082
Investment in mutual funds (cost - \$175,331; 2019 - \$170,039)	211,694	218,720
Credit Union, redeemable guaranteed investment certificates, maturing between February 14, 2022 and June 29, 2023, with yields to maturity between 1.45% and 2.55%.	4,200,000	500,000
Scotiabank, redeemable guaranteed investment certificate, maturing on June 28, 2022 with a yield to maturity of 2.38%.	511,900	1,200,000
Accrued interest on guaranteed investment certificates	26,229	320
	6,957,270	3,987,122

4. Related party transactions

The following table summarizes the company's related party transactions for the year:

	2020	2019
Administration fees charged to Chalice, Inc., a commonly controlled entity	25,974	18,103

These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of the consideration established and agreed to by the related parties.

At the end of the year, the long-term amount due from a related party is as follows:

	2020	2019
Due from Chalice, Inc., a commonly controlled entity	391,389	206,347

This amount bears no interest and has no fixed terms of repayments. Management has waived the right to demand repayment in the next fiscal year and, accordingly, this loan has been classified as long-term.

5. Due from (to) funds

The transactions of the HDP / CP, Urgency, Christmas and Endowment Funds are administered through the main operating and investment accounts of the General Fund. As a result, at June 30, 2020, the balances of the respective funds have been set up as owing from (to) the General Fund. These loans are non-interest bearing, have no set terms of repayment and have been classified as current items on the statement of financial position.

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2020

6. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	1,273,174	-	1,273,174	1,273,174
Buildings	4,319,926	1,463,242	2,856,684	2,905,872
Computer equipment	169,332	159,440	9,892	14,132
Computer software	323,742	302,269	21,473	30,675
Furniture and equipment	282,019	248,760	33,259	41,574
	6,368,193	2,173,711	4,194,482	4,265,427

Buildings include an asset with a cost of \$2,611,757 (2019 - \$2,554,229) and accumulated amortization of \$650,970 (2019 - \$527,649) of which approximately 25% (2019 - 24%) of the building is currently being leased to a third party. The related rental revenue of \$50,102 (2019 - \$46,130) is included in 'Fundraising contributions and other revenues' on the Statement of Operations.

Also included in buildings is an asset with a cost of \$1,708,169 (2019 - \$1,636,662) and accumulated amortization of \$812,273 (2019 - \$757,370) of which approximately 23% (2019 - 28%) of the building is currently being leased to a third party. The related rental revenue of \$52,756 (2019 - \$39,347) is included in 'Fundraising contributions and other revenues' on the Statement of Operations.

7. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$45,605 (2019 - \$32,480).

8. Deferred contributions

Deferred contributions represent sponsorship and other revenue received in the current year that relate to subsequent years. Deferred contributions which relate to periods greater than one year have been presented as long-term.

The deferred contributions balance is comprised of the following externally restricted amounts for which there is not an appropriate restricted fund:

	2020	2019
Deferred sponsorship contributions	3,040,757	3,140,843
Deferred catalogue contributions	578,033	783,463
Deferred scholarship contributions	47,580	47,580
	3,666,370	3,971,886
Less: long-term portion	407,329	415,078
	3,259,041	3,556,808

Changes in the deferred sponsorship contributions balance are as follows:

	2020	2019
Balance, beginning of year	3,140,843	3,041,537
Less: amount recognized as revenue during the year	(2,725,765)	(2,692,316)
Add: amount received during the year	2,625,679	2,791,622
Balance, end of year	3,040,757	3,140,843

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2020

8. Deferred contributions *(Continued from previous page)*

Changes in the deferred catalogue contributions balance are as follows:

	2020	2019
Balance, beginning of year	783,463	918,808
Less: amount recognized as revenue during the year	(1,913,502)	(1,814,233)
Add: amount received during the year	1,708,072	1,678,888
Balance, end of year	578,033	783,463

9. Commitments

During the year, the Organization entered into a long-term office equipment lease. The lease term spans from September 1, 2019 to February 28, 2025, with the annual rental being \$4,968.

Community projects

The Organization has committed funds in the amount of \$339,276 to various community projects in the following countries: Bolivia, Peru, Philippines, India, Ghana, Kenya, Tanzania, Paraguay and Ukraine. These funds are expected to be paid out as the community projects meet the requirements for the funding to be advanced.

The approximate payout for these community projects within the next four years is as follows:

2021	303,559
2022	28,225
2023	6,977
2024	515

The HDP / CP Fund has a balance of \$2,187,250; therefore, adequate funds have been set aside for these commitments. The remaining resources of \$1,847,974 in the HDP / CP Fund are unrestricted community project contributions which may be used at any location when circumstances arise.

10. Interfund transfers

During the year, the Organization approved interfund transfers from the General Fund to the HDP / CP Fund, the Urgency Fund and the Christmas Fund in the amount of \$372,157, \$368,545 and \$130,000 respectively.

11. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and investments held by financial institutions. To minimize the risk, the Organization holds cash with high quality Canadian banks.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to its guaranteed investment certificates, which are subject to floating interest rates, and the rates available for re-investment upon maturity may vary from time to time. The Organization is subject to a fair value risk on its fixed-rate instruments.

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2020

11. Financial instruments *(Continued from previous page)*

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 factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in equities and mutual fund units.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization enters into transactions in the normal course of operations denominated in US currency for which the related receivable balance is subject to exchange rate fluctuations. As at June 30, 2020, the following item is denominated in US currency:

	2020	2019
Due from Chalice, Inc. - US dollars	296,999	159,158

During the year, the value of the Canadian dollar depreciated by 4.1% against the US dollar. The above item has been translated to Canadian dollars using the year end rate of \$1.363 (2019 - \$1.309).

12. Non-monetary contributions

In the current year, the Organization received \$654,572 of donated stocks based on fair market value for which the date they were received. Revenues realized from these non-monetary transactions totaled \$658,713 and are measured at the carrying amount of the asset given up, adjusted by the fair value of the monetary consideration. A gain of \$4,141 associated with these transactions has been recorded in excess of revenue over expenditures for the year.

13. COVID-19

Prior to the end of the Organization's fiscal year end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

While the COVID-19 outbreak did not have a significant impact in the current fiscal year, it is unknown the extent of the impact the outbreak may have on the Company subsequent to year end as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently or may be put in place by Canada and other countries to fight the virus.

14. Unconsolidated not-for-profit organization

Chalice, Inc. was incorporated under the State Department of Assessments and Taxation of Maryland at Baltimore on October 14, 2009. It is a non-stock corporation charitable organization, Tax Exempt under section 501 (c) (3) of the Internal Revenue Code of 1986. Chalice, Inc.'s main purpose is to provide financial sponsorship to children and the aging in developing countries and to advance religion through the promotion of prayer by providing spiritual and educational resources nationally.

Summary of unaudited financial information of Chalice, Inc. as at June 30, 2020 and June 30, 2019 is as follows:

	2020 US \$	2019 US \$
Financial Position		
Total assets	275,589	155,402
Total liabilities	323,709	183,665
Total net deficiency	(48,120)	(28,263)

Chalice (Canada)
Notes to the Non-Consolidated Financial Statements
For the year ended June 30, 2020

14. **Unconsolidated not-for-profit subsidiary** *(Continued from previous page)*

	2020	2019
	<i>US \$</i>	<i>US \$</i>
Results of Operations		
Total revenue	193,378	148,509
Total expenses	212,434	169,940
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Deficiency of revenue over expenses	(19,056)	(21,431)
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Cash Flows Provided by (Used in):		
Operating activities	(19,393)	(16,924)
Financing activities	139,580	101,523
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Increase in cash	120,187	84,599
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