

# Canadian Bible Society La Société biblique canadienne

Financial statements  
February 28, 2023



# Independent auditor's report

To the Members of  
**Canadian Bible Society – La Société biblique canadienne**

## Opinion

We have audited the financial statements of **Canadian Bible Society – La Société biblique canadienne** [the "Society"], which comprise the statement of financial position as at February 28, 2023, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at February 28, 2023, and its results of operations and its 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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.



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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*Ernst & Young LLP*

Toronto, Canada  
June 8, 2023

Chartered Professional Accountants  
Licensed Public Accountants



**Canadian Bible Society**  
**La Société biblique canadienne**

**Statement of financial position**  
[amounts in thousands]

As at February 28

	2023	2022
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	2,937	2,717
Receivables [note 3]	451	969
Inventories [note 4]	1,719	1,126
Prepaid expenses	166	172
Assets held for sale [note 6]	79	—
<b>Total current assets</b>	<b>5,352</b>	<b>4,984</b>
Capital assets, net [note 5]	972	1,156
Investments, fair value [note 7]	35,103	36,404
Collections [note 8]	1	1
	<b>41,428</b>	<b>42,545</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Payables and accruals	1,031	712
Deferred contributions [note 9]	351	175
<b>Total current liabilities</b>	<b>1,382</b>	<b>887</b>
Post-retirement benefits [note 10]	2,806	3,567
<b>Total liabilities</b>	<b>4,188</b>	<b>4,454</b>
Commitments [note 14]		
<b>Net assets</b>		
Unrestricted	9,030	9,881
Board-designated reserves [note 11]	27,062	27,062
Endowments	1,148	1,148
<b>Total net assets</b>	<b>37,240</b>	<b>38,091</b>
	<b>41,428</b>	<b>42,545</b>

See accompanying notes

On behalf of the Board:

  
Director

  
Director

**Canadian Bible Society**  
**La Société biblique canadienne**

**Statement of operations**

[amounts in thousands]

Year ended February 28

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Revenue</b>		
Contributions	7,731	7,756
Contributions – Government subsidy programs	—	448
Legacies	2,745	2,564
Bible sales	1,902	1,655
Investment income	1,324	916
Rental and other income	89	10
	<b>13,791</b>	<b>13,349</b>
<b>Expenses</b>		
National ministries <i>[notes 4 and 12]</i>	7,241	6,064
World ministries	2,252	2,187
Fund development <i>[note 12]</i>	1,088	1,256
Administration <i>[note 12]</i>	2,222	1,985
Amortization of capital assets	144	152
	<b>12,947</b>	<b>11,644</b>
Excess of revenue over expenses before undernoted items	844	1,705
Loss on sale of capital assets <i>[note 5]</i>	—	(80)
Gain on sale of assets held for sale <i>[note 5]</i>	1	484
Unrealized gain (loss) on investments	(2,420)	1,933
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>(1,575)</b>	<b>4,042</b>

See accompanying notes

**Canadian Bible Society**  
**La Société biblique canadienne**

**Statement of changes in net assets**

[amounts in thousands]

Year ended February 28

	<b>2023</b>			
	<b>Unrestricted</b>	<b>Board- designated reserves</b>	<b>Endowments</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Net assets, beginning of year</b>	<b>9,881</b>	<b>27,062</b>	<b>1,148</b>	<b>38,091</b>
Deficiency of revenue over expenses for the year	(1,575)	—	—	(1,575)
Remeasurement of post-retirement benefits obligations and other items	724	—	—	724
<b>Net assets, end of year</b>	<b>9,030</b>	<b>27,062</b>	<b>1,148</b>	<b>37,240</b>

	<b>2022</b>			
	<b>Unrestricted</b>	<b>Board- designated reserves</b>	<b>Endowments</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Net assets, beginning of year</b>	7,975	24,635	1,148	33,758
Excess of revenue over expenses for the year	4,042	—	—	4,042
Transfer from unrestricted to board-designated reserves <i>[note 11]</i>	(2,427)	2,427	—	—
Remeasurement of post-retirement benefits obligations and other items	291	—	—	291
<b>Net assets, end of year</b>	<b>9,881</b>	<b>27,062</b>	<b>1,148</b>	<b>38,091</b>

See accompanying notes

**Canadian Bible Society**  
**La Société biblique canadienne**

**Statement of cash flows**

[amounts in thousands]

Year ended February 28

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	<b>(1,575)</b>	4,042
Add (deduct) items not affecting cash		
Amortization of capital assets	<b>144</b>	152
Loss on sale of capital assets	<b>—</b>	80
Gain on sale of assets held for sale	<b>(1)</b>	(484)
Unrealized loss (gain) on investments	<b>2,420</b>	(1,933)
Post-retirement benefits expenses	<b>179</b>	173
	<b>1,167</b>	2,030
Changes in non-cash working capital balances related to operations		
Receivables	<b>518</b>	(288)
Inventories	<b>(593)</b>	252
Prepaid expenses	<b>6</b>	(52)
Payables and accruals	<b>319</b>	(35)
Deferred contributions	<b>176</b>	(15)
Post-retirement benefits payments	<b>(216)</b>	(197)
<b>Cash provided by operating activities</b>	<b>1,377</b>	1,695
<b>Investing activities</b>		
Purchase of capital assets	<b>(39)</b>	(144)
Proceeds from sale of assets	<b>1</b>	—
Proceeds from sale of assets held for sale	<b>—</b>	1,425
Net change in investments	<b>(1,119)</b>	(2,883)
<b>Cash used in investing activities</b>	<b>(1,157)</b>	(1,602)
<b>Net increase in cash during the year</b>	<b>220</b>	93
Cash, beginning of year	<b>2,717</b>	2,624
<b>Cash, end of year</b>	<b>2,937</b>	2,717

See accompanying notes

**Canadian Bible Society**  
**La Société biblique canadienne**

**Notes to financial statements**

[dollar amounts in thousands]

February 28, 2023

**1. Purpose of organization**

The Canadian Bible Society – La Société biblique canadienne [the “Society”] is incorporated and has continued under the *Canada Not-for-profit Corporations Act* as a corporation without share capital. The Society is registered as a charitable organization under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

As a national religious charitable organization, the purposes of the Society are to translate without doctrinal note, publish and distribute the Christian Scriptures, and to promote and encourage the use of the Bible, throughout Canada and worldwide in cooperation with members of the United Bible Societies [“UBS”] and other organizations.

**2. Summary of significant accounting policies**

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below.

**Revenue recognition**

*Contributions and legacies*

The Society follows the deferral method of accounting for contributions, which include bequests and other donations. Bequests are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Externally restricted endowment contributions are recognized as direct increases in net assets in the year in which they are received or receivable.

*Bible sales*

Bible sales are recognized at point of sale when the customer receives and pays for the goods, or when goods are delivered to the customers. Revenue is stated net of discounts and returns and includes freight charges.

*Investment income (loss)*

Investment income (loss), which consists of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, is recognized in the statement of operations, except to the extent that it is externally restricted, in which case it is added to or deducted from endowment net assets or other restricted balances.

*Rental and other income*

Rental and other income are recorded at point of sale for goods or when services have been provided.



**Canadian Bible Society**  
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**Notes to financial statements**

[dollar amounts in thousands]

February 28, 2023

**Financial instruments**

Investments reported at fair value consist of equity instruments that are quoted in an active market, as well as investments in pooled funds and any investments in fixed income securities that the Society designates upon purchase to be measured at fair value. Transaction costs are recognized in the statement of operations in the period during which they are incurred.

Investments in fixed income securities not designated to be measured at fair value are initially recorded at fair value net of transaction costs and are subsequently measured at amortized cost using the straight-line method, less any provision for impairment.

All transactions are recorded on a trade date basis.

Other financial instruments, including receivables and payables and accruals, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

**Inventories**

Inventories for sale are measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of operations less the estimated costs necessary to make the sale.

Inventories for distribution at no charge are measured at the lower of cost and replacement cost, with cost being determined using the first-in, first-out method.

The cost of inventory for sale comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise the purchase price, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the acquisition of inventory.

**Collections**

The Society records its collection of 389 rare Bibles and Scripture portions at a nominal amount on the statement of financial position. Purchased collections are expensed in the year they are acquired. For items donated to the Society, collections, revenue and the corresponding expense are recorded in the year received at fair value based on independent appraisals received.

When collections are deaccessioned and then sold, proceeds from the sale are used either to acquire new items for the collection or for the direct care of the collection, including the cost of insurance, cleaning, restoration and conservation of works in the collection. Proceeds from the sale of collection items that are subject to external restrictions are deferred when initially recorded in the account and recognized as revenue in the year in which the related expenses are recognized.

**Canadian Bible Society  
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**Notes to financial statements**

[dollar amounts in thousands]

February 28, 2023

**Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Building and improvements	10–40 years
Computer hardware and software	3 years
Equipment	10 years

When a capital asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed. On disposition of these assets, the resulting gain or loss is recorded in the statement of operations.

**Assets held for sale**

Long-lived assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. A long-lived asset is classified as held for sale at the point in time when it is available for immediate sale, management has committed to a plan to sell and is actively locating a purchaser at a sales price that is reasonable in relation to its current estimated fair value, and the sale is expected to be completed within a one-year period. Long-lived assets held for sale are carried at the lower of their carrying amounts and estimated fair value less costs to sell. Assets classified as held for sale are not amortized.

**Post-retirement benefits**

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees.

The Society accounts for current service costs and finance costs under the post-retirement benefit plan through the statement of operations. Remeasurements and other items are accounted for through the statement of changes in net assets and include actuarial gains and losses, past service costs and gains and losses arising from settlements.

**Contributed materials and services**

Contributed materials and services are recognized at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

Many volunteers are actively involved in assisting the Society in carrying out its mission. Because of the difficulty of determining the hours involved and their fair value, contributed materials and services are not recognized in the financial statements.

**Canadian Bible Society**  
**La Société biblique canadienne**

**Notes to financial statements**

[dollar amounts in thousands]

February 28, 2023

**World ministries**

Disbursements made to UBS are recognized in the statement of operations when funds are remitted. To the extent UBS reporting indicates unspent funds at the end of the fiscal year, the Society records these funds as prepaid expenses and applies them against the following year's commitment.

**Foreign currency translation**

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect as at the statement of financial position date. Non-monetary assets and liabilities are translated at the historic rate. Revenue and expenses are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in the statement of operations.

**Use of estimates**

Management reviews the carrying amounts of items in the financial statements at each year-end date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically, and adjustments are made in the statement of operations as appropriate in the year they become known.

Items subject to significant management estimates include the allowance for doubtful accounts, inventory obsolescence, amortization of capital assets and post-retirement benefits liability.

**Allocation of expenses**

The Society classifies its expenditures by function. The cost of each function includes the cost of personnel, premises and other expenses that are directly related to that particular function. The Society allocates the costs of its direct mail fundraising campaigns to fund development, national ministries or administration based on whether the nature of the materials distributed furthers the objectives of the Society or provides direction on how to contribute to the Society, respectively. Further, the Society allocates the cost of its premises based on the payroll expenses incurred within a function. Corporate governance, general management and support service expenses [accounting, human resources and information technology] are not allocated.

**3. Contribution receivable**

As at February 28, 2023, receivables include \$75 [2022 – \$742] representing payments with respect to bequests that were receivable or received subsequent to year-end.

**Canadian Bible Society**  
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**Notes to financial statements**

[dollar amounts in thousands]

February 28, 2023

**4. Inventories**

Inventories consist of the following:

	<b>2023</b>	<b>2022</b>
	\$	\$
Finished goods for sale	<b>1,529</b>	965
Finished goods for distribution at no charge	<b>190</b>	161
	<b>1,719</b>	1,126

Inventories of \$1,719 [2022 – \$1,126] are net of a provision for inventory obsolescence of \$590 [2022 – \$565]. The cost of inventory recognized in cost of goods sold amounts to \$1,319 [2022 – \$1,067] and is recorded in national ministries in the statement of operations. Included in this amount is an increase in the provision for inventory obsolescence of \$26 [2022 – decrease of \$48].

**5. Capital assets**

Capital assets consist of the following:

	<b>2023</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
	\$	\$	\$
Land	<b>302</b>	—	<b>302</b>
Building and improvements	<b>3,019</b>	<b>2,465</b>	<b>554</b>
Computer hardware and software	<b>319</b>	<b>238</b>	<b>81</b>
Equipment	<b>190</b>	<b>155</b>	<b>35</b>
	<b>3,830</b>	<b>2,858</b>	<b>972</b>

  

	<b>2022</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
	\$	\$	\$
Land	349	—	349
Building and improvements	3,109	2,438	671
Computer hardware and software	291	193	98
Equipment	189	151	38
	3,938	2,782	1,156

Assets were sold and resulted in a gain of \$1 [2022 – loss of \$80]. During 2022, fully amortized assets of \$1,015 were written off. No amounts were written off in 2023.

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**Notes to financial statements**

[dollar amounts in thousands]

February 28, 2023

**6. Assets held for sale and subsequent events**

Assets held for sale consist of the following:

	<b>2023</b>	<b>2022</b>
	\$	\$
Land, building and improvements – Winnipeg property	<b>79</b>	—

The Board of Governors approved the sale of the Bible store property in Winnipeg during their October 2022 meeting.

**7. Investments**

The Society's portfolio of non-current investments consists of the following:

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Unrestricted</b>		
Cash and money market funds	<b>4,685</b>	7,271
Term deposits, with interest rates of 4.25% to 5.18%, maturing between September 19, 2023 and January 25, 2027 [2022 – interest rates of 0.80% to 1.10%, maturing between November 30, 2022 and February 6, 2023]	<b>8,620</b>	7,979
Corporate bonds, with interest rates of 1.26% to 4.76%, maturing between July 22, 2024 and January 27, 2026	<b>2,779</b>	—
Preferred shares, with interest rates of 4.65% to 7.77% [2022 – 3.98% to 6.9%]	<b>6,126</b>	7,501
Canadian equities	<b>9,117</b>	9,495
US/International equity pooled funds	<b>2,628</b>	3,010
	<b>33,955</b>	35,256
<b>Endowments</b>		
Cash and money market funds	<b>654</b>	560
Preferred shares, with interest rates of 5.10% to 6.80% [2022 – 4.01% to 4.41%]	<b>494</b>	588
	<b>1,148</b>	1,148
	<b>35,103</b>	36,404

**8. Collection of rare Bibles**

The Society has a collection of 389 rare Bibles and Scripture portions, which were historically donated to the Society. No collections were purchased by or donated to the Society during the year [2022 – nil] and there were no disposals of collection items during the year [2022 – nil]. As at February 28, 2023, there are no amounts of proceeds received and not yet spent from disposals of collection items [2022 – nil].

**Canadian Bible Society**  
**La Société biblique canadienne**

**Notes to financial statements**

[dollar amounts in thousands]

February 28, 2023

**9. Deferred contributions**

Deferred contributions consist of the following:

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Balance, beginning of year</b>	<b>175</b>	190
Amounts received in the year	<b>5,896</b>	4,585
Amounts recognized as revenue in the year	<b>(5,720)</b>	(4,600)
<b>Balance, end of year</b>	<b>351</b>	175

**10. Post-retirement benefits**

The Society has a pension plan covering substantially all its employees and provides qualifying employees with other retirement benefits.

**Pension plan**

The pension plan is a defined contribution pension plan, which provides for pensions based on the accumulated contributions by both the employee and the Society. Pension costs related to current service are expensed in the current period.

Liabilities related to the pension plan are limited to the net assets in the plan. The pension expense for the year ended February 28, 2023 was \$46 [2022 – \$58].

**Other retirement benefits**

The Society provides employees who started before June 1, 2018 and retire with at least 10 years of service with defined health, life insurance and retirement allowance benefits. The cost of these benefits is unfunded and requires partial contributions from qualified retirees.

The Society's liabilities for the post-retirement benefit plan equal the defined benefit obligation of \$2,806 [2022 – \$3,567] as per the most recent full actuarial valuation as at February 28, 2023.

The total benefit cost recognized for the year is as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
Current year benefit cost	<b>46</b>	58
Interest on accrued benefit obligation	<b>133</b>	115
<b>Employee future benefits expense</b>	<b>179</b>	173

The amount of benefits paid by the Society during the year was \$216 [2022 – \$197].

**Canadian Bible Society**  
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**Notes to financial statements**

[dollar amounts in thousands]

February 28, 2023

The economic assumptions used in this actuarial valuation represent the Society's best estimates of expected rates for:

	<b>2023</b>	<b>2022</b>
	%	%
Discount rate – obligation	<b>4.9% per annum</b>	3.6% per annum
Discount rate – cost	<b>4.15% per annum</b>	3.0% per annum
Salary increase rate	<b>3.5% per annum</b>	3.5% per annum
Health care cost trends		
Prescription drug	<b>6.2% per annum</b>	6.4% per annum
Vision care	<b>4.0% per annum</b>	4.0% per annum
Other	<b>4.0% per annum</b>	4.0% per annum
Dental	<b>4.0% per annum</b>	4.0% per annum
Retirement rates	<b>100% at age 63</b>	100% at age 63
Administrative expenses	<b>16% health and dental, 5% for life</b>	12% health and dental, 5% for life
Participation	<b>100% of members assumed to participate</b>	100% of members assumed to participate

**11. Board-designated reserves**

Board-designated reserves are amounts that have been internally restricted by the Board of Governors. These reserves are not available for use without prior approval of the Board.

The Board-designated reserves consist of the following:

	<b>2023</b>	<b>2022</b>
	\$	\$
Capital	<b>2,500</b>	2,500
Real estate	<b>5,562</b>	5,562
General contingency	<b>19,000</b>	19,000
	<b>27,062</b>	27,062

The capital reserve represents funds available for large capital improvement projects. The real estate reserve represents funds available for future property purchases. The general contingency reserve represents funds for approximately 18 months of operations to provide a financial fallback for the Society during times of unforeseen circumstances.

In 2022, the Board of Governors approved an interfund transfer from unrestricted to Board-designated reserves net assets of \$2,427. No interfund transfers were approved in 2023.

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**Notes to financial statements**

[dollar amounts in thousands]

February 28, 2023

**12. Allocation of costs**

Certain premises and direct mail campaign costs are allocated to functions reported in the statement of operations as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
National ministries	<b>1,257</b>	969
Fund development	<b>21</b>	19
Administration	<b>248</b>	194
	<b>1,526</b>	1,182

**13. Additional information**

In 2023, \$1,210 [2022 – \$1,165] was paid as remuneration to employees whose principal duties involve fund-raising. This additional information is presented for compliance with the disclosure requirements of the *Charitable Fund-raising Act and Regulation* of the Province of Alberta. Information disclosed relates to operations Canada-wide.

**14. Commitments**

The Society has committed \$2,173 in support of World Ministries through UBS for the 2023 calendar year.

**15. Financial instruments and risk management**

The Society is exposed to various financial risks through transactions in financial instruments. The Society is not expected to be significantly impacted by these financial risks.

**Credit risk**

The Society is exposed to credit risk in connection with its receivables and its short-term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Society has low-risk debt holdings in its investments and its accounts receivable are short-term in nature, thereby mitigating any material credit risk.

**Liquidity risk**

The Society is exposed to the risk that it will encounter difficulty in meeting obligations associated with its liabilities. Liquidity risk is managed by ensuring the Society invests in high-quality investments, easily disposed of in an active market. The Society monitors cash activities and expected outflows. The Society does not have material liabilities that can be called at the demand of a lender, nor does it have material commitments for capital expenditures.



## **Notes to financial statements**

[dollar amounts in thousands]

February 28, 2023

### **Foreign currency risk**

The Society is exposed to foreign currency risk with respect to receivables, investments, including underlying investments of its pooled funds, payables and accruals denominated in foreign currencies, because the fair value and future cash flows will fluctuate due to changes in the relative value of foreign currencies against the Canadian dollar. The Society's foreign currency risk relates mainly to its future commitments to UBS [denoted in USD]. The Canadian dollar price of these future commitments is fixed annually by UBS in advance of the commitments coming due.

### **Interest rate risk**

The Society is exposed to interest rate risk with respect to its investments in fixed income investments and pooled funds that hold fixed income securities, because the fair value will fluctuate due to changes in market interest rates. Fluctuations in market rates of interest do not have a significant impact on the Society's results of operations.

### **Other price risk**

The Society is exposed to other price risk through changes in market prices [other than changes arising from interest rate or foreign currency risks] in connection with its investments in equity securities and pooled funds. The Society manages this risk by monitoring its investment holdings against its benchmark asset mix, which reflects the Society's low risk appetite.