

THE CANADIAN COUNCIL OF CHURCHES

**CONSOLIDATED
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**



**DECEMBER 31, 2023
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**MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING
DECEMBER 31, 2023**

The accompanying consolidated financial statements and all other information contained in this annual report are the responsibility of the management of The Canadian Council of Churches. The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and have been approved by the Governing Board.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of The Canadian Council of Churches. Management maintains a system of internal accounting and administration controls which are designed to provide reasonable assurance that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial information. Such information also includes data based on management's best estimates and judgements. Management has determined that the enclosed consolidated financial statements are presented fairly and on a consistent basis with prior years, in all material respects.

The Finance Committee reviews the audited consolidated financial statements and recommends them to the Governing Board. The Governing Board reviews and approves the annual consolidated financial statements and also reviews the annual report in its entirety.

The accompanying consolidated financial statements have been audited by Graham Mathew Professional Corporation, the external auditors of the organization, who are engaged by the Governing Board and whose appointment was ratified by the Governing Board. The Independent Auditors' Report, dated May 22, 2024, expresses their opinion on the 2023 consolidated financial statements.

Matthew Pupic
Director of Operations
Project Ploughshares

Peter Noteboom
General Secretary
The Canadian Council of Churches

INDEPENDENT AUDITORS' REPORT

To the Governing Board of
The Canadian Council of Churches

Opinion

We have audited the accompanying consolidated financial statements of **The Canadian Council of Churches** (the Council), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of revenues, expenses and fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2023, and its financial performance 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Council'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 the Governing Board either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

- Identify and assess the risks of material misstatement of the 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 Council'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 Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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.

Carolan Mathew Professional Corporation

Cambridge, Ontario
May 22, 2024

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario



CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND FUND BALANCES
YEAR ENDED DECEMBER 31, 2023

	Canadian Council of Churches		Project Ploughshares		2023	Canadian Council of Churches		Project Ploughshares		2022
	Unrestricted Fund \$	Restricted Funds \$	Unrestricted Fund \$	Restricted Funds \$		Unrestricted Fund \$	Restricted Funds \$	Unrestricted Fund \$	Restricted Funds \$	
Revenues										
Donations	45,150	12,888	501,446	787	560,271	43,490	37,384	539,693	881	621,448
Member/sponsor contributions	314,379		25,730		340,109	300,720		25,730		326,450
Government grants	9,340		113,180		122,520			62,463		62,463
Program grants	42,000	24,500	39,206		105,706	52,500	109,800	42,000		204,300
Investment income (loss)	4,610	23,543	9,411	13,983	51,547 (	10,237) (	36,360)	469 (	23,856) (	69,984)
Other revenue	113,920	5,958	3,938		123,816	59,336	4,167	20,353		83,856
	529,399	66,889	692,911	14,770	1,303,969	445,809	114,991	690,708 (	22,975) (	1,228,533
Expenses										
Salaries and benefits	437,396	111,807	903,589		1,452,792	422,609	93,737	725,216		1,241,562
Management and administration (notes 4 and 6)	45,404	503	88,669		134,576	50,685	475	100,995		152,155
Programs and projects	146,670	23,082	116,219		285,971	96,551	12,583	103,605		212,739
Grants to other organizations	2,000	10,000			12,000	500	6,500			7,000
Fundraising	884		13,306		14,190	711		14,496		15,207
	632,354	145,392	1,121,783	NIL	1,899,529	571,056	113,295	944,312	NIL	1,628,663
Excess (deficiency) of revenues over expenses	(102,955) (	78,503) (	428,872)	14,770 (	595,560) (	125,247)	1,696 (	253,604) (	22,975) (	400,130)
Fund balances, beginning	122,122	532,501	287,057	664,492	1,606,172	244,691	533,483	286,661	941,467	2,006,302
	19,167	453,998 (	141,815)	679,262	1,010,612	119,444	535,179	33,057	918,492	1,606,172
Interfund transfers (note 3)	10,065 (	10,065)	429,000 (	429,000)		2,678 (	2,678)	254,000 (	254,000)	
Fund balances, ending	29,232	443,933	287,185	250,262	1,010,612	122,122	532,501	287,057	664,492	1,606,172

The explanatory financial notes form an integral part of these financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2023

	Canadian Council of Churches		Project Ploughshares		2023 \$	Canadian Council of Churches		Project Ploughshares		2022 \$
	Unrestricted Fund \$	Restricted Funds \$	Unrestricted Fund \$	Restricted Funds \$		Unrestricted Fund \$	Restricted Funds \$	Unrestricted Fund \$	Restricted Funds \$	
ASSETS										
Cash	115,899	(76,575)	131,126		170,450	53,409	20,391	156,040		229,840
Accounts receivable	57,814	735	62,182		120,731	34,741	15,339	76,839		126,919
Prepays	6,124		31,057		37,181	10,792		26,419		37,211
Current assets	179,837	(75,840)	224,365		328,362	98,942	35,730	259,298		393,970
Capital assets (note 6)	2,077	475	7,572		10,124	2,751	950	2,692		6,393
Investments (note 5)	(142,648)	519,362	164,597	250,262	791,573	33,270	495,821	91,438	664,492	1,285,021
	39,266	443,997	396,534	250,262	1,130,059	134,963	532,501	353,428	664,492	1,685,384
LIABILITIES										
Accounts payable and accrued liabilities (note 7)	10,034	64	16,641		26,739	12,841		14,371		27,212
Deferred contributions (note 8)			92,708		92,708			52,000		52,000
	10,034	64	109,349		119,447	12,841		66,371		79,212
FUND BALANCES										
Unrestricted funds	29,232		287,185		316,417	122,122		287,057		409,179
Restricted funds		347,620		250,262	597,882		418,818		664,492	1,083,310
Endowment fund (note 10)		96,313			96,313		113,683			113,683
	29,232	443,933	287,185	250,262	1,010,612	122,122	532,501	287,057	664,492	1,606,172
	39,266	443,997	396,534	250,262	1,130,059	134,963	532,501	353,428	664,492	1,685,384

APPROVED BY THE GOVERNING BOARD:

Treasurer



CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	2023 \$	2022 \$
Cash flows from operating activities:		
Deficiency of revenues over expenses for the year:	(595,560)	(400,130)
Add non-cash item:		
Amortization	7,689	12,325
	(587,871)	(387,805)
Net change in non-cash working capital balances relating to operations:		
Accounts receivable	6,188	12,134
Prepaid expenses	30	(7,173)
Accounts payable and accrued liabilities	(473)	231
Deferred contributions	40,708	32,425
	(541,418)	(350,188)
Cash flows from investing activities:		
Purchase of capital assets	(11,420)	(7,534)
Change in investments	493,448	478,019
	482,028	470,485
Net increase (decrease) in cash	(59,390)	120,297
Cash position, beginning of year	229,840	109,543
Cash position, end of year	170,450	229,840



**CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2023**

1. Purpose of the Organization

The Canadian Council of Churches, “the Council”, founded in 1944 and incorporated federally by an Act of Parliament on June 7, 1956, is a registered charity under the Income Tax Act. Accordingly, its income is not taxable and it is eligible to issue official income tax receipts for charitable donations. The Council brings together representatives from its member churches to respond to Christ’s call for unity and peace, seek Christ’s truth with an affection for diversity, and act in love through prayer, dialogue and witness to the gospel.

Project Ploughshares is the peace research institute of the Council. It is an ecumenical operating division of the Council. Project Ploughshares has been a part of the Council since a Governing Board Executive Committee decision in 1976 to sponsor its in-depth study and educational program. Project Ploughshares works with churches, governments and civil society, in Canada and abroad, to advance policies and actions that prevent war and armed violence and build sustainable peace.

2. Summary of Significant Accounting Policies

The consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Basis of consolidation

These consolidated financial statements include the accounts of The Canadian Council of Churches and The Canadian Council of Churches - Project Ploughshares ("Project Ploughshares").

(b) Fund accounting

To ensure observation of restrictions placed on the use of resources available to the Council, the accounts are maintained in accordance with the principles of fund accounting. Under this method, resources for various purposes are classified for accounting and reporting purposes into separate funds in accordance with activities or objectives specified. For financial reporting purposes, funds with similar characteristics have been combined into major fund groups, which reflect the assets, liabilities and fund balances, and the revenues and expenses of each fund as follows:

Unrestricted funds

Revenues and expenses related to the core operations of the Council are provided for from the Unrestricted Funds. These operations are primarily funded by undesigned donations and grants.

Restricted funds

Amounts received and transferred in are internally or externally restricted for special purposes. The principal and interest earned on these restricted funds are to be used for the purposes specified. The restricted funds of the Council are detailed in the schedule of restricted and endowment funds.



**CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2023**

2. Summary of Significant Accounting Policies (Continued)

(c) Revenue recognition

The Council follows the restricted fund method of accounting for contributions whereby externally restricted contributions are recognized in the year received, in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenue in the Unrestricted Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other grants received that are restricted for special projects are recognized as income following the deferral method of accounting under the Unrestricted Fund. Investment income is recognized as revenue in the appropriate fund when receivable.

Member grants are recorded in income in the year the funds are to be applied to offset expenses. Event registration fees are recognized when the related event occurs.

(d) Financial instruments

Mutual funds, corporate shares and term deposits are shown on the consolidated statement of financial position at their fair values at the year-end date, with changes in fair value recognized in the consolidated statement of revenues, expenses and fund balances. Bonds and debentures are recorded at amortized cost less any discovered impairment.

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 consolidated statement of revenues, expenses and fund balances 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 or cost.

The Council's financial instruments include cash, investments, account receivable and accounts payable and accrued liabilities. Cash and certain investments (mutual funds, corporate shares and term deposits) are subsequently measured at their fair value, while the other financial assets and liabilities are subsequently measured at their amortized cost.

Unless otherwise noted, the carrying value of the financial instruments is a reasonable approximation of their fair value given the short terms to maturity.

(e) Capital assets

Capital assets are carried at cost. Amortization is provided on a straight-line basis at the following rates:

Computer hardware	33%
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**CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2023**

2. Summary of Significant Accounting Policies (Continued)

(f) Use of estimates

The preparation of these consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

(g) Contributed materials and services

Volunteers contribute significant time to assist the Council in carrying out its mandate. Due to the impracticality in determining fair market value, contributed services are not recognized in the consolidated financial statements.

3. Interfund Transfers

During the year, \$429,000 (\$254,000 in 2022) was transferred from the Future Fund to the Project Ploughshares Unrestricted Fund, to assist with operations.

During the year, the Council transferred \$10,065 (\$2,678 in 2022) of Restricted Funds to the Council's Unrestricted Fund, to assist with operations.

4. Leases

In 2020, The Council extended the lease of its premises, to September 30, 2024. The monthly rent under this lease for is approximately \$1,980 and includes the lessee's share of overhead and common area expenses. The basic fees will increase year to year at the rate of change in the consumer price index. Overhead and common area costs are subject to an annual adjustment based on increases in the related costs.

In 2019, The Council extended the lease of office space for its Project Ploughshares operations at Conrad Grebel University College to June 30, 2024. The monthly rent under this lease is approximately \$2,166 plus HST and will increase slightly each year. There is no option to further extend the terms of the agreement at this time.

5. Investments

	2023	2022
	\$	\$
Mutual funds and corporate shares	719,168	755,931
Bonds and debentures	72,405	529,090
	791,573	1,285,021

Bonds and debentures bear interest at rates ranging from 2.6% to 3.0% and mature at various dates from 2026 to 2029.



**CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2023**

	2023 \$	2022 \$
6. Capital Assets		
Cost		
Computer hardware	66,782	55,362
Accumulated amortization	56,658	48,969
Net Book Value	10,124	6,393

Amortization expense for the year was \$7,689 (\$12,325 in 2022) and is included in management and administration on the consolidated statement of revenues, expenses and fund balances.

7. Accounts Payable and Accrued Liabilities

There were no amounts payable with respect to government remittances as of the year end date.

8. Deferred Contributions

Deferred contributions represents unspent grants relating to special projects. Changes to deferred contributions are as follows:

Balance, beginning of year	52,000	19,575
Contributions received during the year	92,708	52,000
Contributions recognized as income during the year	(52,000)	(19,575)
	92,708	52,000

9. Financial Instruments

The Council is exposed to various risks through its financial instruments. The following analysis provides a measure of the Council's risk exposure and concentrations at the year end date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Council monitors cash flow activities on a regular basis. Due to the nature of the Council, cash inflows are generally known and major cash outflows relate mostly to program expenditures which are planned for on an annual basis and monitored through the year. In addition, the majority of the investments held can be liquidated easily, which gives the Council the flexibility to meet unplanned demands on cash and thus serves to reduce its liquidity risk.



**CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2023**

9. Financial Instruments (Continued)

Credit risk

The entity is exposed to credit risk by holding debt instruments, such as bonds and debentures, as investments. The Council manages its exposure by limiting the holdings to government and high quality corporate instruments. It is management's opinion that the Council is not exposed to any significant credit risk.

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.

Currency risk

Currency risk is the risk to the Council's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the Council is not exposed to any significant currency risk.

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 rate. By holding a substantial portion of its investments in fixed rate instruments, the Council insulates its interest income from short-term changes in market interest rates. Nevertheless, the cash flows from investing activities are exposed to long-term changes in interest rates. Interest rate changes will also impact the fair value of investments held.

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 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 Council is exposed to other price risk through its investments in quoted shares. The Council follows investment policies, procedures and processes for managing equity risk.

10. Endowment Funds

Amounts received and transferred in are internally restricted for special purposes. The investment income earned on these restricted funds is to be used for the purposes set out below.

	2023 \$	2022 \$
Shearer Endowment Fund	6,273	19,052
The Oliver McCully Fund	11,885	12,530
The Howard McIlroy Mills Memorial Fund	76,411	82,101
General Endowment Fund	1,744	
	96,313	113,683



CONSOLIDATED EXPLANATORY FINANCIAL NOTES
YEAR ENDED DECEMBER 31, 2023

10. Endowment Funds (Continued)

Endowment funds

Shearer Endowment Fund

The interest on the Shearer Endowment Fund is not restricted and can be used for operating purposes.

The Oliver McCully Fund

The interest earned by the Oliver McCully Fund must be disbursed for educational purposes (75%) and church activities (25%). Any income not expended in accordance with the terms of the bequest will be held for two additional years, and, if not so expended, will be added back to the principal of the fund.

The Howard McIlroy Mills Memorial Fund

The interest on the Howard McIlroy Mills Memorial Fund is restricted and must be reinvested within the fund and any disbursements from the fund must be in accordance with the terms of the fund agreement for theological education.

General Endowment Fund

The accumulated unrealized gain on investments for endowment funds. The purpose of this fund is to cushion the impact of unrealized investment gains and losses from year to year. The accumulated excess balance in this fund may be allocated to endowment funds on a percentage basis at the discretion of the Finance Committee.

11. Comparative Figures

Comparative figures have, in some instances, been reclassified in order to present them in a form comparable to those for the current year.

THE CANADIAN COUNCIL OF CHURCHES

CONSOLIDATED SCHEDULE OF RESTRICTED AND ENDOWMENT FUNDS YEAR ENDED DECEMBER 31, 2023

	Balance as at December 31, 2022 \$	Income \$	Program Expenses \$	Transfers \$	Balance as at December 31, 2023 \$
Future Fund - Project Ploughshares	664,492	14,770		(429,000)	250,262
Restricted Funds	418,818	62,111	(132,244)	(1,065)	347,620
Endowment Funds	113,683	4,778	(13,148)	(9,000)	96,313
2023 Balances	1,196,993	81,659	(145,392)	(439,065)	694,195

	Balance as at December 31, 2021 \$	Income \$	Program Expenses \$	Transfers \$	Balance as at December 31, 2022 \$
Future Fund - Project Ploughshares	941,467	(22,975)		(254,000)	664,492
Restricted Funds	413,077	92,910	(99,491)	12,322	418,818
Endowment Funds	120,406	22,081	(13,804)	(15,000)	113,683
2022 Comparatives	1,474,950	92,016	(113,295)	(256,678)	1,196,993

Project Ploughshares' Future Fund

In 1991, the Management Committee of Project Ploughshares established the Future Fund to provide a predictable source of revenue for the annual operations of Project Ploughshares. Donors are encouraged to make a gift to the Future Fund to perpetuate their support for Project Ploughshares and its peacebuilding programs into the future, and to ensure the growth of the Fund so that it will provide increasing income for programs.