



Financial Statements

Canadian Baptist Ministries

December 31, 2017

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Independent Auditor's Report

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To the Members of
Canadian Baptist Ministries

We have audited the accompanying financial statements of Canadian Baptist Ministries, which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information error.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Baptist Ministries as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

Without modifying our opinion, we note that the comparative balances of Canadian Baptist Ministries as at December 31, 2016 and for the year then ended were audited by another auditor, who expressed an unqualified opinion on those statements dated May 12, 2017.

Grant Thornton LLP

Mississauga, Canada
May 12, 2018

Chartered Professional Accountants
Licensed Public Accountants

Canadian Baptist Ministries

Statement of Operations

Year ended December 31

2017

2016

	2017	2016
Revenue		
General		
Conventions, Unions and Women's Organizations (Note 3)	\$ 830,400	\$ 864,853
General mission support	<u>1,346,682</u>	<u>820,154</u>
	<u>2,177,082</u>	<u>1,685,007</u>
Program		
International Partnerships		
Field staff team support	2,308,202	2,253,202
Program revenue and other appeals	2,040,250	2,790,406
Other designated	<u>419,257</u>	<u>520,724</u>
	<u>4,767,709</u>	<u>5,564,332</u>
Canadian Partnerships		
Short-term ministry projects	593,667	554,308
Program revenue	<u>56,983</u>	<u>81,697</u>
	<u>650,650</u>	<u>636,005</u>
Other		
Net investment income (Note 4(c))	388,688	406,401
Legacy and trust income (Note 5)	<u>684,808</u>	<u>231,124</u>
	<u>1,073,496</u>	<u>637,525</u>
	<u>8,668,937</u>	<u>8,522,869</u>
Expenses		
Program		
International Partnerships	5,383,156	5,941,712
Canadian Partnerships	<u>1,709,355</u>	<u>1,611,147</u>
	<u>7,092,511</u>	<u>7,552,859</u>
Support services		
Administration	787,711	868,955
Fund development	201,048	175,175
Member care	<u>197,825</u>	<u>209,927</u>
	<u>1,186,584</u>	<u>1,254,057</u>
	<u>8,279,095</u>	<u>8,806,916</u>
Excess (deficiency) of revenue over expenses	\$ <u>389,842</u>	\$ <u>(284,047)</u>

See accompanying notes to the financial statements.

Canadian Baptist Ministries

Statement of Changes in Net Assets

Year ended December 31

	<u>Unrestricted</u>	<u>Internally designated</u>	<u>Endowments</u>	<u>2017 Total</u>	<u>2016 Total</u>
Net assets, beginning of year	\$ 547,579	\$ 772,827	\$ 3,844,887	\$ 5,165,293	\$ 5,289,550
Excess (deficiency) of revenue over expenses	389,842	-	-	389,842	(284,047)
Endowment contributions	-	-	1,000	1,000	2,000
Investment income capitalized (Note 4 (c) and Note 11)	-	-	99,980	99,980	119,190
Remeasurement of post-employment benefits (Note 9)	<u>11,800</u>	<u>-</u>	<u>-</u>	<u>11,800</u>	<u>38,600</u>
Net assets, end of year	<u>\$ 949,221</u>	<u>\$ 772,827</u>	<u>\$ 3,945,867</u>	<u>\$ 5,667,915</u>	<u>\$ 5,165,293</u>

See accompanying notes to the financial statements.

Canadian Baptist Ministries

Statement of Financial Position

December 31

2017

2016

Assets

Current

Cash	\$ 217,509	\$ 725,976
Accounts receivable (Note 6)	1,713,137	1,080,277
Prepaid expenses	<u>91,875</u>	<u>155,844</u>
	2,022,521	1,962,097

Investments (Note 4(a))	9,227,275	8,504,882
Capital assets (Note 7)	<u>823,876</u>	<u>756,117</u>

	<u>\$ 12,073,672</u>	<u>\$ 11,223,096</u>
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Liabilities

Current

Accounts payable and accrued liabilities	\$ 484,285	\$ 566,042
Deferred operating contributions (Note 8)	<u>3,840,110</u>	<u>3,368,975</u>
	4,324,395	3,935,017

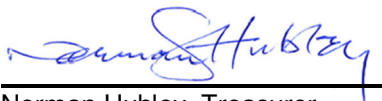
Accrued post-employment benefit liability (Note 9)	1,416,700	1,468,961
Other long-term liabilities (Note 10)	<u>664,662</u>	<u>653,825</u>
	<u>6,405,757</u>	<u>6,057,803</u>

Net assets

Unrestricted	949,221	547,579
Internally designated	772,827	772,827
Endowments (Note 11)	<u>3,945,867</u>	<u>3,844,887</u>
	<u>5,667,915</u>	<u>5,165,293</u>

	<u>\$ 12,073,672</u>	<u>\$ 11,223,096</u>
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On behalf of the Board



Norman Hubley, Treasurer

Director



Malcolm Card, President

Director

See accompanying notes to the financial statements.

Canadian Baptist Ministries

Statement of Cash Flows

Year ended December 31

2017

2016

Decrease in cash

Operating activities

Excess (deficiency) of revenue over expenses	\$ 389,842	\$ (284,047)
Items not affecting cash		
Amortization of capital assets	182,247	179,849
Loss (gain) on disposal of capital assets	23,755	(924)
Investment income reinvested	(388,688)	(406,401)
Post-employment benefit expense	<u>79,100</u>	<u>81,200</u>
	286,256	(430,323)
Changes in non-cash operating items		
Accounts receivable	(632,860)	99,348
Prepaid expenses	63,969	(35,278)
Accounts payable and accrued liabilities	(81,757)	75,709
Deferred operating contributions	471,135	(673,037)
Accrued post-employment benefit liability	(119,700)	(123,300)
Other long-term liabilities	<u>10,837</u>	<u>12,925</u>
	<u>(2,120)</u>	<u>(1,073,956)</u>

Financing activities

Contributions to endowments	<u>1,000</u>	<u>2,000</u>
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Investing activities

Purchase of capital assets	(299,543)	(88,442)
Proceeds on disposal of capital assets	25,921	924
Net withdrawals from investments	<u>(233,725)</u>	<u>428,433</u>
	<u>(507,347)</u>	<u>340,915</u>

Decrease in cash during the year (508,467) (731,041)

Cash

Beginning of year	<u>725,976</u>	<u>1,457,017</u>
End of year	\$ <u>217,509</u>	\$ <u>725,976</u>

See accompanying notes to the financial statements.

Canadian Baptist Ministries

Notes to Financial Statements

December 31, 2017

1. Purpose of organization

Canadian Baptist Ministries (“CBM”) is incorporated without share capital under the Canada Not-for-profit Corporations Act. Its mission is to unite, encourage and enable Canadian Baptist churches in their national and international endeavours to fulfill the commission of our Lord Jesus Christ, in the power of the Holy Spirit, proclaiming the gospel and showing the love of God to all peoples.

CBM is a charitable organization registered 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.

2. Summary of significant accounting policies

Basis of accounting

The financial statements are prepared in accordance with Part III of the CPA Canada Handbook, which sets out generally accepted accounting principles for not-for-profit organizations (“ASNPO”) in Canada and includes the significant accounting policies set out below.

Revenue recognition

CBM follows the deferral method of accounting for contributions, which include grants, bequests and other donations.

Grants and bequests are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded when received or receivable if legally enforceable and subject to reasonable estimation.

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 when initially recorded in the accounts.

Revenue from trusts is recognized at the time the trust funds pass to CBM.

Investment income (loss), which consists of interest, dividends, realized and unrealized gains and losses, is recorded as investment income (loss) in the statement of operations, except to the extent it is externally restricted, in which case, in accordance with the restrictions, it may be recorded in the statement of operations, added to or deducted from the related deferred balance or the related endowment balance.

Cash

Cash comprises cash and bank indebtedness. Cash held for investment rather than liquidity purposes is grouped with investments.

Canadian Baptist Ministries

Notes to Financial Statements

December 31, 2017

2. Summary of significant accounting policies (continued)

Financial instruments

Financial instruments include cash, accounts receivable, investments, accounts payable, trusts, forward currency contracts, and notes payable.

Initial measurement

All financial instruments are initially measured at fair value.

Subsequent measurement

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Forward currency contracts that are not designated as effective hedges are carried at fair value, with changes in fair value during the year recorded in the statement of operations.

All other financial instruments are measured at amortized cost, net of any provision for impairment in the case of financial assets.

Capital assets

Purchased capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Tangible

Buildings	
Canada	40 years
Overseas	20 years
Furniture and equipment	5 years
Computers	5 years
Vehicles	5 years

Intangible

Software and website	5 years
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Amortization is charged from the date when the asset is put into use.

Internally designated net assets

Internally designated net assets consist of a reserve fund that represents amounts set aside to cover unexpected deficits. The Board approved policy states that this fund, together with unrestricted net assets, shall not be allowed to fall below 12% or be in excess of 25% of the previous year's expenditures.

This fund is currently at 19.5% and therefore is compliant with the Board's policy.

Canadian Baptist Ministries

Notes to Financial Statements

December 31, 2017

2. Summary of significant accounting policies (continued)

Net assets restricted for endowment purposes

Effective January 1, 2004, the Board approved an Investment Rate Policy designed to protect the real value of net assets restricted for endowment purposes by limiting the amount made available for spending, currently set at 4.0% (2016 - \$4.0%), and requiring any income earned during the year in excess of the amount made available for spending to be added directly to the balance of net assets restricted for endowment purposes, net of an administration fee of 0.5% (2016- 0.05%). In any particular year, should net investment income be insufficient to fund the amount to be made available for spending, or the return on investments results in a loss, the amount that is to be made available for spending is to be deducted from endowment net assets.

Foreign currency translation

Transactions denominated foreign currencies are translated into Canadian dollars at average monthly rates. The market value of investments and other monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historical exchange rates. Exchange gains and losses are included in the statement of operations, except to the extent that they relate to investments, in which case they are accounted for consistent with investment income (loss).

Contributed materials and services

Contributions of materials and services are recognized when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

Volunteers contribute a significant number of hours each year to assist CBM in carrying out its mission. Because of the difficulty in determining their fair value, contributed materials and services are not recognized in the financial statements.

Employee future benefits

Pension Plan

CBM participates in a multi-employer defined contribution pension plan that covers substantially all of its employees. As required under ASNPO contributions are expensed on an accrual basis.

Non-pension post-retirement benefits

CBM maintains a non-pension post-retirement defined benefit plan. The accrued benefit obligation is calculated using the projected benefit method pro-rated on service and management's best estimate assumptions. CBM accrues its post-retirement benefit obligations as employees render services. The cost of non-pension post-retirement benefits earned by employees is actuarially determined. The accrued benefit obligation is determined using a roll-forward technique to estimate the accrued liabilities from the most recent actuarial valuation report that is prepared at least every three years. Current service and finance costs are expensed in the statement of operations each period. Re-measurements and other items for the period, which include actuarial gains and losses, and gains and losses arising from any settlements and curtailments are recognized as direct increases or decreases in net assets.

Canadian Baptist Ministries

Notes to Financial Statements

December 31, 2017

2. Summary of significant accounting policies (continued)

Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. Overhead expenses are allocated to project costs equal to 15% of certain direct program expenses. This allocation is included in the costs for each project. These allocated expenses are recorded, together with the direct costs, in program expenses in the statement of operations. The details of the allocation are disclosed in Note 13.

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Balances which require some degree of estimation are investments, capital assets (amortization), accounts payable and accrued liabilities, employee future benefits, and allocated expenses.

3. Conventions, Unions and Women's Organizations

Conventions, Unions and Women's Organizations undesignated revenue consists of the following:

	<u>2017</u>	<u>2016</u>
Canadian Baptists of Ontario and Quebec	\$ 228,000	\$ 218,915
Atlantic Baptist Women	217,104	218,210
Canadian Baptists of Atlantic Canada	203,883	227,333
Canadian Baptists of Western Canada	147,033	145,395
Union D'Églises Baptistes Francophones du Canada/French Baptist Union	24,000	25,000
Canadian Baptist Women of Ontario and Québec	<u>10,380</u>	<u>30,000</u>
	<u>\$ 830,400</u>	<u>\$ 864,853</u>

Canadian Baptist Ministries

Notes to Financial Statements

December 31, 2017

4. Investments

(a) Investments consist of the following:

	<u>2017</u>		<u>2016</u>	
Cash	\$ 1,609,061	17.5%	\$ 1,219,637	14.3%
Fixed income	1,582,035	17.1%	1,774,865	20.9%
Canadian equities	3,027,876	32.8%	2,682,647	31.6%
International equities	<u>3,008,303</u>	<u>32.6%</u>	<u>2,827,733</u>	<u>33.2%</u>
	<u>\$ 9,227,275</u>	<u>100.0%</u>	<u>\$ 8,504,882</u>	<u>100.0%</u>

(b) Fixed income investments have a weighted average term to maturity of 2.5 years (2016 - 1.7 years) and a weighted average yield to maturity of 1.5% (2016 - 1.3%) based on market value.

(c) Investment income includes the following:

	<u>2017</u>	<u>2016</u>
Net realized/unrealized gains	\$ 538,718	\$ 546,137
Dividend income	165,693	184,528
Interest income	<u>20,620</u>	<u>28,245</u>
	<u>\$ 725,031</u>	<u>\$ 758,910</u>

Net investment income recorded in the statement of operations is calculated as follows:

	<u>2017</u>	<u>2016</u>
Total investment income	\$ 725,031	\$ 758,910
Management fees	<u>(104,946)</u>	<u>(105,308)</u>
Investment income, net of management fees	<u>620,085</u>	<u>653,602</u>
Less		
Income from endowments available for spending recorded as deferred contributions (Note 11)	113,903	111,070
Income capitalized related to endowments	99,980	119,190
Income allocated to		
Deferred contributions related to operating funds (Note 8)	1,620	1,620
Other deferred contributions (Note 10)	13,794	13,221
Revocable and irrevocable trusts (Note 10)	<u>2,100</u>	<u>2,100</u>
	<u>231,397</u>	<u>247,201</u>
Net investment income recorded in the statement of operations	<u>\$ 388,688</u>	<u>\$ 406,401</u>

Canadian Baptist Ministries

Notes to Financial Statements

December 31, 2017

5. Income beneficiary

CBM is the income beneficiary of an externally administered trust with a market value as at December 31, 2017 of \$264,584 (2016 - \$262,594). During the year, \$5,158 (2016 - \$8,179) was recorded as revenue from this trust.

6. Accounts receivable

Accounts receivable consist of the following:

	<u>2017</u>	<u>2016</u>
Constituency support	\$ 1,352,155	\$ 717,300
CBM pension plan	238,766	221,653
Other	<u>122,216</u>	<u>141,324</u>
	<u>\$ 1,713,137</u>	<u>\$ 1,080,277</u>

7. Capital assets

	<u>2017</u>	<u>2016</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Canada				
Tangible				
Land	\$ 193,415	\$ -	\$ 193,415	\$ 193,415
Buildings	781,314	476,302	305,012	276,421
Furniture and equipment	27,391	27,391	-	532
Computers	269,550	221,752	47,798	22,601
Vehicles	34,883	32,418	2,465	9,441
Intangible				
Software and website	<u>493,242</u>	<u>347,131</u>	<u>146,111</u>	<u>82,155</u>
	<u>1,799,795</u>	<u>1,104,994</u>	<u>694,801</u>	<u>584,565</u>
Overseas				
Buildings	-	-	-	48,901
Furniture and equipment	15,261	15,261	-	637
Vehicles	<u>389,132</u>	<u>260,057</u>	<u>129,075</u>	<u>122,014</u>
	<u>404,393</u>	<u>275,318</u>	<u>129,075</u>	<u>171,552</u>
	<u>\$ 2,204,188</u>	<u>\$ 1,380,312</u>	<u>\$ 823,876</u>	<u>\$ 756,117</u>

During the year, CBM disposed of fully amortized assets totalling \$166,001 (2016 - \$180,841).

Included in software and website are costs in the amount of \$134,769 relating to a system upgrade project in progress at year end. These costs will be amortized in 2018 when the project is complete. Total outstanding commitments relating to the software upgrade are \$61,000.

Canadian Baptist Ministries

Notes to Financial Statements

December 31, 2017

8. Deferred operating contributions

Deferred operating contributions represent restricted operating funds that are related to subsequent years. The primary categories in the year-end balance of deferred operating contributions are as follows:

	<u>2017</u>	<u>2016</u>
International Partnerships	\$ 3,292,811	\$ 2,853,494
Canadian Partnerships	309,633	274,469
Other	<u>237,666</u>	<u>241,012</u>
	<u>\$ 3,840,110</u>	<u>\$ 3,368,975</u>

9. Employee future benefits

(a) Pension Plan

CBM participates in a multi-employer defined contribution pension plan that covers substantially all of its employees. During the year, CBM made contributions of \$93,058 (2016- \$95,592).

(b) Non-pension post-retirement benefits

CBM's non-pension post-retirement defined benefit plans comprise life annuities, life insurance and medical/dental coverage for certain groups of employees who have retired from CBM. These financial statements include the accrued benefit obligation and current year's expense related to providing these benefits.

The liabilities of the plans are measured each year as at December 31. The most recent actuarial valuation was as of December 31, 2015.

The cost of these benefits are recognized on an accrual basis under CPA Canada Handbook - Accounting Section 3463. The defined benefit obligation relating to the post-retirement benefit plan as at December 31 is as follows:

Other post-employment benefits plan:

	<u>2017</u>	<u>2016</u>
Fair value of plan assets	\$ -	\$ -
Deferred benefit obligation	<u>(1,235,900)</u>	<u>(1,187,400)</u>
Plan deficit	<u>\$ (1,235,900)</u>	<u>\$ (1,187,400)</u>
Re-measurement and other items loss	<u>\$ 69,000</u>	<u>\$ 28,200</u>
Benefits paid	<u>\$ 91,600</u>	<u>\$ 84,700</u>
Benefit expense	<u>\$ 71,100</u>	<u>\$ 69,800</u>

Canadian Baptist Ministries

Notes to Financial Statements

December 31, 2017

9. Employee future benefits (continued)

Life annuities plan:

	<u>2017</u>	<u>2016</u>
Fair value of plan assets	\$ -	\$ -
Deferred benefit obligation	<u>(180,800)</u>	<u>(281,561)</u>
Plan deficit	<u>\$ (180,800)</u>	<u>\$ (281,561)</u>
Re-measurement and other items (gain)	<u>\$ (80,800)</u>	<u>\$ (66,800)</u>
Benefits paid	<u>\$ 28,100</u>	<u>\$ 38,600</u>
Benefit expense	<u>\$ 8,139</u>	<u>\$ 11,361</u>
Total deferred benefit obligation	<u>\$ (1,416,700)</u>	<u>\$ (1,468,961)</u>
Total re-measurement and other items (gain)	<u>\$ (11,800)</u>	<u>\$ (38,600)</u>

10. Other long-term liabilities

	<u>2017</u>	<u>2016</u>
Deferred legacy contributions	\$ 427,662	\$ 416,825
Revocable trusts	130,000	130,000
Irrevocable trusts	87,000	87,000
Note payable	<u>20,000</u>	<u>20,000</u>
	<u>\$ 664,662</u>	<u>\$ 653,825</u>

Deferred legacy contributions represent the principal amount of a legacy, the principal and interest of which are available to fund students studying for ministry in Canadian Baptist churches. The principal amount has been classified as long-term since the Board of Directors (the "Board") has determined that the capital and the Investment Rate Policy (Note 11) will be applied. In 2017, the balance was increased in accordance with this policy by \$13,794, representing the excess of the actual investment income over the amount made available for spending and administration (Note 4(c)).

The revocable trusts are forgivable upon the death of the donor; therefore there are no fixed terms of repayment. Interest is paid at the rate determined by the donor to a maximum of the five-year GIC rate less 0.5%. The irrevocable trusts are trusts that are the property of CBM with interest paid to a maximum of the five-year GIC rate less 0.5% during the life of the donor. The weighted average interest rate paid on these trusts was 1.5% (2016 - 1.5%).

The note payable is non-interest bearing and forgivable upon the death of the donor; therefore, there are no fixed terms of repayment.

Canadian Baptist Ministries

Notes to Financial Statements

December 31, 2017

11. Net assets restricted for endowment purposes

In 2017 CBM earned investment income of \$725,031 (2016 - \$758,910), of which \$270,760 (2016 - \$285,878) was earned on net assets restricted for endowment purposes. The difference between this amount and the amount made available for spending of \$154,278 (2016 - \$150,193) calculated in accordance with the Investment Rate Policy, plus the \$16,502 (2016 - \$16,495) administrative fee is \$99,980 (2016 - \$119,190), and was added to net assets restricted for endowment purposes.

Of the amounts made available for spending and administration (noted above and which total \$170,780 (2016 - \$166,688)), \$113,903 (2016 - \$111,070) was recorded as an increase in deferred contributions and \$56,877 (2016 - \$55,618) was included as investment income (Note 4(c)).

12. Canadian Foodgrains Bank

CBM is a founding member of the Canadian Foodgrains Bank, a federally incorporated non-profit charity for the purpose of Christian-based aid and development that collects donations of grain, cash and other agricultural commodities for distribution to the world's hungry. It enables Canadian Baptists to respond quickly and effectively to food shortages around the world.

Every year, amounts may be transferred from donations to the CBM account at the Canadian Foodgrains Bank. During the years ended December 31, 2017 and 2016, \$2,665 was transferred. These donations may be augmented by direct grain donations from Canadian Baptist farmers, contributions from the general account of the Canadian Foodgrains Bank and from other partners. Global Affairs Canada ("GAC") contributes toward some of these projects. CBM's participation is made up of direct projects with its overseas partners or through participating in the financing of a project with another Canadian Foodgrains Bank partner. When CBM participates with another Canadian Foodgrains Bank partner, the grant from GAC is reflected in the lead partner's account.

Audited financial statements of the Canadian Foodgrains Bank for the year ended March 31, 2017 indicate that direct donations of cash and grain attributed to CBM amounted to \$328,837 (2016 - \$347,123). GAC grants attributed to CBM for the year ended December 31, 2017 amounted to \$584,403 (2016 - \$914,713). Of the total shipments of \$44,076,801 (2016 - \$52,107,838), the amount attributed to CBM was \$1,045,139 (2016 - \$1,385,772).

The Canadian Foodgrains Bank internally restricted the net amount contributed and credited to CBM. The amount set aside in the name of CBM as at March 31, 2017 was \$728,130 (2016 - \$771,519).

13. Allocation of expenses

Support services expenses allocated as program expenses for the year totalled \$528,571 (2016 - \$446,152).

Canadian Baptist Ministries

Notes to Financial Statements

December 31, 2017

14. Line of credit

As at December 31, 2017, CBM has an unused secured line of credit of \$500,000 (2016 - \$500,000) bearing interest at the bank's prime rate plus 1%.

15. Financial instruments

CBM is exposed to various financial risks through transactions in financial instruments.

Foreign currency risk

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. CBM is exposed to foreign currency risk with respect to its cash and investments denominated in foreign currencies.

Credit risk

Credit risk arises as a result of the potential non-performance by counterparties of contract obligations which could lead to a financial loss to CBM. CBM's credit risk relates to its receivables and fixed income investments. At December 31, 2017 the allowance for doubtful accounts determined by management was \$nil (2016 - \$nil).

Interest rate risk

Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of market changes in interest rates. CBM is exposed to interest rate risk with respect to its investments in fixed income securities.

Liquidity risk

Liquidity risk is the risk that CBM will encounter difficulty meeting its obligations. CBM meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

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. CBM is exposed to other price risk through its investments quoted in an active market.

16. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2017 financial statements.