

Financial Statements of

**CHRISTIAN HORIZONS
GLOBAL**

Year ended March 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Christian Horizons Global

We have audited the accompanying financial statements of Christian Horizons Global, which comprise the statement of financial position as at March 31, 2017, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' 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 our 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, we consider 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.



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Christian Horizons Global as at March 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

June 26, 2017
Waterloo, Canada

CHRISTIAN HORIZONS GLOBAL

Statement of Financial Position

March 31, 2017, with comparative information for 2016

| | Operating | Capital | Restricted | 2017 Total | 2016 Total |
|-------------------------|------------|------------|------------|---------------|---------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash | \$ 684,101 | \$ - | \$ - | \$ 684,101 | \$ 589,842 |
| Accounts receivable | 102,049 | - | - | 102,049 | 93,690 |
| Prepaid expenses | 29,827 | - | - | 29,827 | - |
| | 815,977 | | | 815,977 | 683,532 |
| Capital assets (note 2) | - | 397,797 | - | 397,797 | 408,315 |
| | \$ 815,977 | \$ 397,797 | \$ - | \$ 1,213,774 | \$ 1,091,847 |

Liabilities and Fund Balances

| | | | | | |
|--|------------|------------|-----------|--------------|--------------|
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities (note 3) | \$ 57,701 | \$ - | \$ - | \$ 57,701 | \$ 61,608 |
| Interfund payable (receivable) | 363,456 | - | (363,456) | - | - |
| | 421,157 | - | (363,456) | 57,701 | 61,608 |
| Fund balances | 394,820 | 397,797 | 363,456 | 1,156,073 | 1,030,239 |
| | \$ 815,977 | \$ 397,797 | \$ - | \$ 1,213,774 | \$ 1,091,847 |

See accompanying notes to financial statements.

Approved on Behalf of the Board

 Director

 Director

CHRISTIAN HORIZONS GLOBAL

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2017, with comparative information for 2016

| | Operating | Capital | Restricted | 2017 Total | 2016 Total |
|---|------------|------------|------------|---------------|---------------|
| Revenue: | | | | | |
| Donations | \$ 899,657 | \$ 35,322 | \$ 327,560 | \$ 1,262,539 | \$ 1,509,694 |
| Grants | 1,350,700 | 28,300 | 430,488 | 1,809,488 | 1,331,029 |
| | 2,250,357 | 63,622 | 758,048 | 3,072,027 | 2,840,723 |
| Expenses: | | | | | |
| International services | 1,299,210 | - | 707,685 | 2,006,895 | 1,966,236 |
| Salaries and benefits | 601,004 | - | - | 601,004 | 658,886 |
| Travel | 99,300 | - | - | 99,300 | 104,796 |
| Amortization | - | 74,140 | - | 74,140 | 66,604 |
| Management fees | 48,064 | - | - | 48,064 | 49,488 |
| Rent and utilities | 30,170 | - | - | 30,170 | 33,171 |
| Supplies and miscellaneous | 29,593 | - | - | 29,593 | 34,123 |
| Professional fees | 13,872 | - | - | 13,872 | 12,343 |
| Insurance | 12,320 | - | - | 12,320 | 8,986 |
| Interest and bank charges | 12,501 | - | - | 12,501 | 19,578 |
| Contracted services | 10,276 | - | - | 10,276 | 22,447 |
| Promotion and advertising | 8,058 | - | - | 8,058 | 13,180 |
| | 2,164,368 | 74,140 | 707,685 | 2,946,193 | 2,989,838 |
| Excess (deficiency) of revenue over expenses | 85,989 | (10,518) | 50,363 | 125,834 | (149,115) |
| Fund balances, beginning of year | 308,831 | 408,315 | 313,093 | 1,030,239 | 1,179,354 |
| Fund balances, end of year | \$ 394,820 | \$ 397,797 | \$ 363,456 | \$ 1,156,073 | \$ 1,030,239 |

See accompanying notes to financial statements.

CHRISTIAN HORIZONS GLOBAL

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

| | 2017 | 2016 |
|---|------------|--------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess (deficiency) of revenue over expenses | \$ 125,834 | \$ (149,115) |
| Item not involving cash: | | |
| Amortization of capital assets | 74,140 | 66,604 |
| Change in non-cash operating working capital (note 6) | (42,093) | 240,224 |
| | 157,881 | 157,713 |
| Investments: | | |
| Purchase of capital assets | (63,622) | (27,884) |
| Increase in cash | 94,259 | 129,829 |
| Cash, beginning of year | 589,842 | 460,013 |
| Cash, end of year | \$ 684,101 | \$ 589,842 |

See accompanying notes to financial statements.

CHRISTIAN HORIZONS GLOBAL

Notes to Financial Statements

Year ended March 31, 2017

Christian Horizons Global (the "Organization") is a non-profit faith-based charitable organization founded in 1990 and seeks to respond to the needs of children and adults at risk in countries throughout the world. The Organization is incorporated under the Canada Not-for-profit Corporations Act without share capital. The Organization is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

1. Significant accounting policies:

These financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations. The Organization's significant accounting policies are as follows:

(a) Fund accounting:

The operating fund reflects the unrestricted donations contributed to the Organization, which have not been specifically designated.

The capital fund reflects the assets, liabilities, revenue and expenses related to the capital assets.

The restricted fund represents funds received by the Organization that have been designated for specific projects.

(b) Accounting for contributions:

The Organization uses the restricted fund method for recording restricted contributions. Unrestricted contributions are recorded as revenue in the Operating Fund in the year received or receivable. Restricted contributions are recognized as revenue of the related restricted fund when received or receivable. Contributions are recognized in the respective fund if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Measurement uncertainty:

The preparation of financial statements 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 dates of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, accounts payable and accrued liabilities, and valuation allowances for receivables. Actual results could differ from those estimates.

(d) Capital assets:

Capital assets are recorded at cost. Amortization is provided in the accounts using the following method and annual rates:

| Asset | Basis | Rate |
|-----------|---------------|------|
| Buildings | Straight-line | 6.7% |
| Vehicles | Straight-line | 20% |

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Notes to Financial Statements, continued

Year ended March 31, 2017

1. Significant accounting policies (continued):

(e) Contributed services:

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

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Capital assets:

| | Cost | Accumulated amortization | 2017 Net book value | 2016 Net book value |
|-----------|---------------------|-----------------------------|---------------------------|---------------------------|
| Buildings | \$ 818,740 | \$ 507,941 | \$ 310,799 | \$ 360,777 |
| Vehicles | 234,087 | 147,089 | 86,998 | 47,538 |
| | <u>\$ 1,052,827</u> | <u>\$ 655,030</u> | <u>\$ 397,797</u> | <u>\$ 408,315</u> |

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$6,358 (2016 - \$6,598), which includes amounts payable for payroll related taxes.

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Notes to Financial Statements, continued

Year ended March 31, 2017

4. Christian Horizons Global controlled organizations:

Christian Horizons Global controls entities in Guatemala and Ethiopia (the "controlled organizations"). Controlled organizations have not been consolidated in the Organization's financial statements.

A financial summary of controlled organizations as at March 31, 2017, with comparative information for 2016, and for the year then ended, is as follows:

| | 2017 | 2016 |
|--|--------------|------------|
| Assets: | | |
| Current assets | \$ 10,651 | \$ 158,707 |
| | \$ 10,651 | \$ 158,707 |
| Liabilities and fund balances: | | |
| Current liabilities | \$ 148 | \$ 221 |
| Fund balance | 10,503 | 158,486 |
| | \$ 10,651 | \$ 158,707 |
| Operations: | | |
| Revenue | \$ 485,560 | \$ 634,590 |
| Expenses | 633,543 | 542,342 |
| Excess (deficiency) of revenue over expenses | \$ (147,983) | \$ 92,248 |
| Cash flows: | | |
| Cash provided (used) by operating activities | \$ (148,771) | \$ 91,721 |

The controlled organizations' basis of accounting is the modified cash basis of accounting (cash is recorded when received and expenditures are recorded when paid, except for certain statutory receivables and payables).

5. Financial risks:

(a) Interest rate risk:

The Organization does not have a significant exposure to general interest rate fluctuations.

(b) Credit risk:

The Organization does not have a significant exposure to any individual customer or counterparty.

(c) Market risk:

The Organization believes that it is not exposed to significant market risk arising from its financial instruments.

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Notes to Financial Statements, continued

Year ended March 31, 2017

6. Change in non-cash working capital items:

The change in non-cash operating working capital items is comprised of the following:

| | 2017 | 2016 |
|---|-------------|------------|
| Decrease (increase) in current assets: | | |
| Accounts receivable | \$ (8,359) | \$ 254,083 |
| Prepaid expenses | (29,827) | 1,487 |
| | (38,186) | 255,570 |
| Increase (decrease) in current liabilities: | | |
| Accounts payable and accrued liabilities | (3,907) | (15,346) |
| | \$ (42,093) | \$ 240,224 |

7. Related party transactions:

(a) Christian Horizons:

Christian Horizons is an independent organization which seeks to serve the person with exceptional needs through residential and ancillary programs. Christian Horizons is incorporated under the laws of Ontario as a non-profit organization without share capital, is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

Christian Horizons and the Organization are related parties as the Board of Directors of Christian Horizons is also the Board of Directors of the Organization.

The following transactions occurred in the year ended March 31:

| | 2017 | 2016 |
|--|-----------|-----------|
| Shared services paid to Christian Horizons | \$ 40,489 | \$ 42,000 |

(b) Christian Horizons (Canada):

Christian Horizons (Canada) is an independent organization that seeks to serve the person with exceptional needs through residential, vacation and ancillary programs. Christian Horizons (Canada) is incorporated under the laws of Canada as a non-profit organization without share capital, is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

Christian Horizons (Canada) and the Organization are related parties as the Board of Directors of Christian Horizons (Canada) is also the Board of Directors of the Organization.

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Notes to Financial Statements, continued

Year ended March 31, 2017

7. Related party transactions (continued):

(b) Christian Horizons (Canada) (continued):

The following transactions occurred in the year ended March 31:

| | 2017 | | 2016 |
|--|----------|----|---------|
| Management fees paid to Christian Horizons (Canada) | \$ 7,575 | \$ | 7,488 |
| Donations transferred from Christian Horizons (Canada) | 200,677 | | 327,848 |

8. Economic interest:

Christian Horizons Foundation granted \$40,000 (2016 - \$40,000) during the year to the Organization to fund projects.