

Financial Statements of

**CHRISTIAN HORIZONS
GLOBAL**

Year ended March 31, 2015



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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, 2015, 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.

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

Basis for Qualified Opinion

In common with many charitable organizations, Christian Horizons Global derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses, current assets and fund balances.



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Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Christian Horizons Global as at March 31, 2015 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 22, 2015
Waterloo, Canada

CHRISTIAN HORIZONS GLOBAL

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	Operating	Capital	Restricted	2015 Total	2014 Total
					(note 2)
Assets					
Current assets:					
Cash	\$ 460,013	\$ -	\$ -	\$ 460,013	\$ 611,767
Accounts receivable	347,773	-	-	347,773	17,841
Prepaid expenses	1,487	-	-	1,487	1,487
	809,273	-	-	809,273	631,095
Capital assets (note 3)	-	447,035	-	447,035	524,533
	\$ 809,273	\$ 447,035	\$ -	\$ 1,256,308	\$ 1,155,628

Liabilities and Fund Balance

Current liabilities:					
Accounts payable and accrued liabilities (note 4)	\$ 76,954	\$ -	\$ -	\$ 76,954	\$ 127,619
Interfund payable (receivable)	315,630	-	(315,630)	-	-
	392,584	-	(315,630)	76,954	127,619
Fund balances	416,689	447,035	315,630	1,179,354	1,028,009
	\$ 809,273	\$ 447,035	\$ -	\$ 1,256,308	\$ 1,155,628

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, 2015, with comparative information for 2014

	Operating	Capital	Restricted	2015 Total	2014 Total (note 2)
Revenue:					
Donations	\$ 759,561	\$ -	\$ 223,961	\$ 983,522	\$ 1,403,489
Grants	1,625,155	-	168,345	1,793,500	2,004,583
Interest income	-	-	-	-	2,201
Fundraising revenue	3,301	-	-	3,301	1,082
	<u>2,388,017</u>	<u>-</u>	<u>392,306</u>	<u>2,780,323</u>	<u>3,411,355</u>
Expenses:					
International services	1,245,273	-	411,903	1,657,176	2,576,693
Salaries and benefits	606,040	-	-	606,040	539,429
Travel	95,977	-	-	95,977	74,403
Amortization	-	77,498	-	77,498	83,098
Management fees	42,844	-	-	42,844	42,059
Rent and utilities	27,604	-	-	27,604	30,761
Supplies and miscellaneous	25,140	-	-	25,140	25,961
Promotion and advertising	25,076	-	-	25,076	10,614
Contracted services	24,871	-	-	24,871	6,856
Interest and bank charges	17,103	-	-	17,103	20,399
Professional fees	16,883	-	-	16,883	19,523
Insurance	12,766	-	-	12,766	10,876
	<u>2,139,577</u>	<u>77,498</u>	<u>411,903</u>	<u>2,628,978</u>	<u>3,440,672</u>
Excess (deficiency) of revenue over expenses	248,440	(77,498)	(19,597)	151,345	(29,317)
Fund balances, beginning of year, as previously reported	148,234	524,533	50,460	723,227	702,445
Change in accounting policy (note 2)	20,015	-	284,767	304,782	354,881
Fund balances, beginning of year, as restated	168,249	524,533	335,227	1,028,009	1,057,326
Fund balances, end of year	\$ 416,689	\$ 447,035	\$ 315,630	\$ 1,179,354	\$ 1,028,009

See accompanying notes to financial statements.

CHRISTIAN HORIZONS GLOBAL

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		(note 2)
Operations:		
Excess (deficiency) of revenue over expenses	\$ 151,345	\$ (29,317)
Item not involving cash:		
Amortization of capital assets	77,498	83,098
Change in non-cash operating working capital (note 7)	(380,597)	26,168
	(151,754)	79,949
Investments:		
Sale of investments	-	74,604
Increase (decrease) in cash	(151,754)	154,553
Cash, beginning of year	611,767	457,214
Cash, end of year	\$ 460,013	\$ 611,767

See accompanying notes to financial statements.

CHRISTIAN HORIZONS GLOBAL

Notes to Financial Statements

Year ended March 31, 2015

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%

CHRISTIAN HORIZONS GLOBAL

Notes to Financial Statements, continued

Year ended March 31, 2015

1. Significant accounting policies (continued):

(d) Capital assets (continued):

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%

(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.

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Notes to Financial Statements, continued

Year ended March 31, 2015

2. Change in accounting policy:

The Organization has adopted the restricted fund method of accounting for contributions for the year ended March 31, 2015 to provide an improved presentation of donation revenues received during the year. Recording donations in the year of receipt provides improved financial information for decision making purposes. The change has been applied retrospectively and accordingly, the comparative financial statements have been restated as follows:

Statement of Financial Position:	As at March 31, 2014		
	As previously presented	Restatement	As restated
Deferred contributions	\$ 304,782	\$ (304,782)	\$ -
Fund balances, end of year	723,227	304,782	1,028,009

Statement of Operations and Changes in Fund Balances:	Year ended March 31, 2014		
	As previously presented	Restatement	As restated
Donations	\$ 1,181,765	\$ 221,724	\$ 1,403,489
Grants	2,276,406	(271,823)	2,004,583
Excess (deficiency) of revenue over expenses	20,782	(50,099)	(29,317)
Fund balances, beginning of year	702,445	354,881	1,057,326

3. Capital assets:

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Buildings	\$ 818,740	\$ 409,139	\$ 409,601	\$ 464,185
Vehicles	142,581	105,147	37,434	60,348
	\$ 961,321	\$ 514,286	\$ 447,035	\$ 524,533

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$14,071 (2014 - \$5,206), which includes amounts payable for payroll related taxes.

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Notes to Financial Statements, continued

Year ended March 31, 2015

5. 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, 2015, with comparative information for 2014, and for the year then ended, is as follows:

	2015	2014
Assets:		
Current assets	\$ 71,614	\$ 109,998
	<u>\$ 71,614</u>	<u>\$ 109,998</u>
Liabilities and fund balances:		
Current liabilities	\$ 5,376	\$ 7,680
Fund balance	66,238	102,318
	<u>\$ 71,614</u>	<u>\$ 109,998</u>
Operations:		
Revenue	\$ 449,399	\$ 646,436
Expenses	485,479	616,848
Excess (deficiency) of revenue over expenses	<u>\$ (36,080)</u>	<u>\$ 29,588</u>
Cash flows:		
Cash provided (used) by operating activities	<u>\$ (37,216)</u>	<u>\$ 47,392</u>

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).

6. 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, 2015

7. Change in non-cash working capital items:

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

	2015	2014
Decrease (increase) in current assets:		
Accounts receivable	\$ (329,932)	\$ 1,100
Prepaid expenses	-	(103)
	(329,932)	997
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(50,665)	25,171
	\$ (380,597)	\$ 26,168

8. 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 both entities are controlled through the Board of Directors of Christian Horizons International.

The following transactions occurred in the year ended March 31:

	2015	2014
Shared services paid to Christian Horizons	\$ 37,060	\$ 36,060

(b) Christian Horizons (Canada):

Christian Horizons (Canada) is an independent organization that seeks to serve the person with exceptional needs through residential, vocational 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 Executive Committee of 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, 2015

8. Related party transactions (continued):

(b) Christian Horizons (Canada):

The following transactions occurred in the year ended March 31:

	2015	2014
Management fees paid to Christian Horizons (Canada)	\$ 5,784	\$ 6,000
Donations transferred from Christian Horizons (Canada)	146,794	152,893

9. Economic interest:

Christian Horizons Foundation granted \$35,000 (2014 - \$65,000) during the year ended to the Organization to fund projects.