

Financial Statements of

**CHRISTIAN HORIZONS  
GLOBAL**

Year ended March 31, 2016



**KPMG LLP**  
115 King Street South  
2nd Floor  
Waterloo ON N2J 5A3

Telephone (519) 747-8800  
Fax (519) 747-8830  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## 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, 2016, 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 opinion.



Page 2

*Basis of Qualified Opinion – comparative information*

In common with many not-for-profit organizations Christian Horizons Global derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amount recorded in the records of Christian Horizons Global. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2015, any adjustments might be necessary to donation revenues and excess of revenues over expenses report in the statement of operations and current assets and fund balances report in the statement of financial position. This caused us to qualify our audit report on the financial statements as at and the year ended March 31, 2015.

*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, 2016, 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 horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

June 27, 2016  
Waterloo, Canada

# CHRISTIAN HORIZONS GLOBAL

## Statement of Financial Position

March 31, 2016, with comparative information for 2015

	Operating	Capital	Restricted	2016 Total	2015 Total
<b>Assets</b>					
Current assets:					
Cash	\$ 589,842	\$ -	\$ -	\$ 589,842	\$ 460,013
Accounts receivable	93,690	-	-	93,690	347,773
Prepaid expenses	-	-	-	-	1,487
	683,532	-	-	683,532	809,273
Capital assets (note 2)	-	408,315	-	408,315	447,035
	\$ 683,532	\$ 408,315	\$ -	\$ 1,091,847	\$ 1,256,308

## Liabilities and Fund Balance

Current liabilities:					
Accounts payable and accrued liabilities (note 3)	\$ 61,608	\$ -	\$ -	\$ 61,608	\$ 76,954
Interfund payable (receivable)	313,091	-	(313,091)	-	-
	374,699	-	(313,091)	61,608	76,954
Fund balances	308,833	408,315	313,091	1,030,239	1,179,354
	\$ 683,532	\$ 408,315	\$ -	\$ 1,091,847	\$ 1,256,308

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, 2016, with comparative information for 2015

	Operating	Capital	Restricted	2016 Total	2015 Total
<b>Revenue:</b>					
Donations	\$ 962,381	\$ 27,884	\$ 519,429	\$ 1,509,694	\$ 983,522
Grants	1,169,284	-	161,745	1,331,029	1,793,500
Fundraising	-	-	-	-	3,301
	2,131,665	27,884	681,174	2,840,723	2,780,323
<b>Expenses:</b>					
International services	1,282,523	-	683,713	1,966,236	1,657,176
Salaries and benefits	658,886	-	-	658,886	606,040
Travel	104,796	-	-	104,796	95,977
Amortization	-	66,604	-	66,604	77,498
Management fees	49,488	-	-	49,488	42,844
Supplies and miscellaneous	34,123	-	-	34,123	25,140
Rent and utilities	33,171	-	-	33,171	27,604
Contracted services	22,447	-	-	22,447	24,871
Interest and bank charges	19,578	-	-	19,578	17,103
Promotion and advertising	13,180	-	-	13,180	25,076
Professional fees	12,343	-	-	12,343	16,883
Insurance	8,986	-	-	8,986	12,766
	2,239,521	66,604	683,713	2,989,838	2,628,978
Excess (deficiency) of revenue over expenses	(107,856)	(38,720)	(2,539)	(149,115)	151,345
Fund balances, beginning of year	416,689	447,035	315,630	1,179,354	1,028,009
Fund balances, end of year	\$ 308,833	\$ 408,315	\$ 313,091	\$ 1,030,239	\$ 1,179,354

See accompanying notes to financial statements.

# CHRISTIAN HORIZONS GLOBAL

## Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (149,115)	\$ 151,345
Item not involving cash:		
Amortization of capital assets	66,604	77,498
Change in non-cash operating working capital (note 6)	240,224	(380,597)
	157,713	(151,754)
Investments:		
Purchase of capital assets	(27,884)	-
Increase (decrease) in cash	129,829	(151,754)
Cash, beginning of year	460,013	611,767
Cash, end of year	\$ 589,842	\$ 460,013

See accompanying notes to financial statements.

# CHRISTIAN HORIZONS GLOBAL

Notes to Financial Statements

Year ended March 31, 2016

---

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, 2016

## 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	2016 Net book value	2015 Net book value
Buildings	\$ 818,740	\$ 457,963	\$ 360,777	\$ 409,601
Vehicles	170,464	122,926	47,538	37,434
	\$ 989,204	\$ 580,889	\$ 408,315	\$ 447,035

## 3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$6,598 (2015 - \$14,071), which includes amounts payable for payroll related taxes.



# CHRISTIAN HORIZONS GLOBAL

Notes to Financial Statements, continued

Year ended March 31, 2016

## 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, 2016, with comparative information for 2015, and for the year then ended, is as follows:

	2016	2015
<b>Assets:</b>		
Current assets	\$ 158,707	\$ 71,614
	\$ 158,707	\$ 71,614
<b>Liabilities and fund balances:</b>		
Current liabilities	\$ 221	\$ 5,376
Fund balance	158,486	66,238
	\$ 158,707	\$ 71,614
<b>Operations:</b>		
Revenue	\$ 634,590	\$ 449,399
Expenses	542,342	485,479
Excess (deficiency) of revenue over expenses	\$ 92,248	\$ (36,080)
<b>Cash flows:</b>		
Cash provided (used) by operating activities	\$ 91,721	\$ (37,216)

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.

# CHRISTIAN HORIZONS GLOBAL

Notes to Financial Statements, continued

Year ended March 31, 2016

## 6. Change in non-cash working capital items:

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

	2016	2015
Decrease (increase) in current assets:		
Accounts receivable	\$ 254,083	\$ (329,932)
Prepaid expenses	1,487	-
	<u>255,570</u>	<u>(329,932)</u>
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(15,346)	(50,665)
	<u>\$ 240,224</u>	<u>\$ (380,597)</u>

## 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:

	2016	2015
Shared services paid to Christian Horizons	\$ 42,000	\$ 37,060

### (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.

# CHRISTIAN HORIZONS GLOBAL

Notes to Financial Statements, continued

Year ended March 31, 2016

---

## 7. Related party transactions (continued):

(b) Christian Horizons (Canada):

The following transactions occurred in the year ended March 31:

	2016		2015
Management fees paid to Christian Horizons (Canada)	\$ 7,488	\$	5,784
Donations transferred from Christian Horizons (Canada)	327,828		146,794

## 8. Economic interest:

Christian Horizons Foundation granted \$40,000 (2015 - \$35,000) during the year to the Organization to fund projects.