

Financial Statements of

**CHRISTIAN HORIZONS
GLOBAL**

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Christian Horizons Global

Opinion

We have audited the financial statements of Christian Horizons Global (the "Organization"), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its results of operations 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 Financial Statements**" section of our auditors' report.

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the 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 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.



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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the 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 Organization'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 Organization'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 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 Organization's to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 17, 2019

CHRISTIAN HORIZONS GLOBAL

Statement of Financial Position

March 31, 2019, with comparative information for 2018

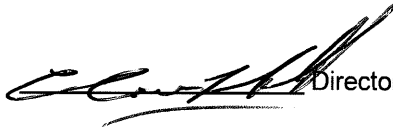
	Operating	Capital	Restricted	2019 Total	2018 Total
Assets					
Current assets:					
Cash	\$ 907,567	\$ -	\$ -	\$ 907,567	\$ 724,874
Accounts receivable	141,067	-	-	141,067	160,008
Prepaid expenses	5,040	-	-	5,040	-
	1,053,674	-	-	1,053,674	884,882
Capital assets (note 2)	-	253,345	-	253,345	321,623
	\$ 1,053,674	\$ 253,345	\$ -	\$ 1,307,019	\$ 1,206,505

Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities (note 3)	\$ 61,697	\$ -	\$ -	\$ 61,697	\$ 75,101
Interfund payable (receivable)	284,627	-	(284,627)	-	-
	346,324	-	(284,627)	61,697	75,101
Fund balances	707,350	253,345	284,627	1,245,322	1,131,404
	\$ 1,053,674	\$ 253,345	\$ -	\$ 1,307,019	\$ 1,206,505

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, 2019, with comparative information for 2018

	Operating	Capital	Restricted	2019 Total	2018 Total
Revenue:					
Donations	\$ 892,031	\$ -	\$ 187,309	\$ 1,079,340	\$ 1,128,736
Grants	1,507,649	-	421,565	1,929,214	1,798,909
Interest	12,613	-	-	12,613	7,544
	2,412,293	-	608,874	3,021,167	2,935,189
Expenses:					
International services	1,419,146	-	663,863	2,083,009	2,075,184
Salaries and benefits	551,813	-	-	551,813	538,008
Travel	75,940	-	-	75,940	97,849
Amortization	-	68,278	-	68,278	76,174
Management fees	49,500	-	-	49,500	49,500
Supplies and miscellaneous	22,713	-	-	22,713	31,462
Rent and utilities	17,075	-	-	17,075	25,883
Interest and bank charges	14,861	-	-	14,861	19,647
Professional fees	12,845	-	-	12,845	14,726
Promotion and advertising	4,443	-	-	4,443	9,016
Insurance	4,329	-	-	4,329	11,643
Contracted services	2,443	-	-	2,443	10,766
	2,175,108	68,278	663,863	2,907,249	2,959,858
Excess (deficiency) of revenue over expenses	237,185	(68,278)	(54,989)	113,918	(24,669)
Fund balances, beginning of year	470,165	321,623	339,616	1,131,404	1,156,073
Fund balances, end of year	\$ 707,350	\$ 253,345	\$ 284,627	\$ 1,245,322	\$ 1,131,404

See accompanying notes to financial statements.

CHRISTIAN HORIZONS GLOBAL

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 113,918	\$ (24,669)
Item not involving cash:		
Amortization of capital assets	68,278	76,174
Change in non-cash operating working capital (note 6)	497	(10,732)
	<u>182,693</u>	<u>40,773</u>
Increase in cash	182,693	40,773
Cash, beginning of year	724,874	684,101
Cash, end of year	<u>\$ 907,567</u>	<u>\$ 724,874</u>

See accompanying notes to financial statements.

CHRISTIAN HORIZONS GLOBAL

Notes to Financial Statements

Year ended March 31, 2019

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, 2019

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	2019 Net book value	2018 Net book value
Buildings	\$ 818,740	\$ 607,895	\$ 210,845	\$ 260,822
Vehicles	234,087	191,587	42,500	60,801
	<u>\$ 1,052,827</u>	<u>\$ 799,482</u>	<u>\$ 253,345</u>	<u>\$ 321,623</u>

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,737 (2018 - \$4,829), which includes amounts payable for payroll related taxes.

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Notes to Financial Statements, continued

Year ended March 31, 2019

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, 2019, with comparative information for 2018, and for the year then ended, is as follows:

	2019	2018
Assets:		
Current assets	\$ 10,512	\$ 29,103
	\$ 10,512	\$ 29,103
Liabilities and fund balances:		
Current liabilities	\$ 587	\$ 185
Fund balance	9,925	28,918
	\$ 10,512	\$ 29,103
Operations:		
Revenue	\$ 475,015	\$ 515,040
Expenses	475,437	493,625
Excess (deficiency) of revenue over expenses	\$ (422)	\$ 21,415
Cash flows:		
Cash provided (used) by operating activities	\$ (20,244)	\$ 19,294

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, 2019

6. Change in non-cash working capital items:

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

	2019	2018
Decrease (increase) in current assets:		
Accounts receivable	\$ 18,941	\$ (57,959)
Prepaid expenses	(5,040)	29,827
	13,901	(28,132)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(13,404)	17,400
	\$ 497	\$ (10,732)

7. Related party transactions:

(a) Christian Horizons:

Christian Horizons is an independent organization which works with people who experience disabilities 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:

	2019	2018
Shared services paid to Christian Horizons	\$ 41,680	\$ 41,880

(b) Christian Horizons (Canada):

Christian Horizons (Canada) is an independent organization that works with people who experience disabilities through residential 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, 2019

7. Related party transactions (continued):

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

The following transactions occurred in the year ended March 31:

	2019	2018
Management fees paid to Christian Horizons (Canada)	\$ 7,820	\$ 7,620
Donations transferred from Christian Horizons (Canada)	217,608	195,339

8. Economic interest:

Christian Horizons Foundation granted \$50,000 (2018 - \$40,000) during the year to the Organization to fund projects.