

Financial Statements of

**CHRISTIAN HORIZONS
GLOBAL**

And Independent Auditors' Report thereon

Year ended March 31, 2020



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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, 2020
- 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, 2020, 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

August 10, 2020

CHRISTIAN HORIZONS GLOBAL

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	Operating	Capital	Restricted	2020 Total	2019 Total
Assets					
Current assets:					
Cash	\$ 990,088	\$ -	\$ -	\$ 990,088	\$ 907,567
Accounts receivable	30,527	-	-	30,527	141,067
Prepaid expenses	10,986	-	-	10,986	5,040
	1,031,601	-	-	1,031,601	1,053,674
Capital assets (note 2)	-	185,067	-	185,067	253,345
	\$ 1,031,601	\$ 185,067	\$ -	\$ 1,216,668	\$ 1,307,019
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities (note 3)	\$ 21,460	\$ -	\$ -	\$ 21,460	\$ 61,697
Interfund payable (receivable)	204,238	-	(204,238)	-	-
	225,698	-	(204,238)	21,460	61,697
Fund balances	805,903	185,067	204,238	1,195,208	1,245,322
Subsequent event (note 9)					
	\$ 1,031,601	\$ 185,067	\$ -	\$ 1,216,668	\$ 1,307,019

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, 2020, with comparative information for 2019

	Operating	Capital	Restricted	2020 Total	2019 Total
Revenue:					
Donations	\$ 1,059,560	–	\$ 198,928	\$ 1,258,488	\$ 1,079,340
Grants	576,000	–	70,076	646,076	1,929,214
Interest	17,492	–	–	17,492	12,613
	1,653,052		269,004	1,922,056	3,021,167
Expenses:					
International services	971,331	–	349,393	1,320,724	2,083,009
Salaries and benefits	351,263	–	–	351,263	551,813
Amortization	–	68,278	–	68,278	68,278
Travel	66,567	–	–	66,567	75,940
Management fees	49,500	–	–	49,500	49,500
Supplies and miscellaneous	35,789	–	–	35,789	22,713
Professional fees	20,322	–	–	20,322	12,845
Interest and bank charges	19,308	–	–	19,308	14,861
Rent and utilities	18,052	–	–	18,052	17,075
Contracted services	9,877	–	–	9,877	2,443
Insurance	7,643	–	–	7,643	4,329
Promotion and advertising	4,847	–	–	4,847	4,443
	1,554,499	68,278	349,393	1,972,170	2,907,249
Excess (deficiency) of revenue over expenses	98,553	(68,278)	(80,389)	(50,114)	113,918
Fund balances, beginning of year	707,350	253,345	284,627	1,245,322	1,131,404
Fund balances, end of year	\$ 805,903	\$ 185,067	\$ 204,238	\$ 1,195,208	\$ 1,245,322

See accompanying notes to financial statements.

CHRISTIAN HORIZONS GLOBAL

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (50,114)	\$ 113,918
Item not involving cash:		
Amortization of capital assets	68,278	68,278
Change in non-cash operating working capital (note 6)	64,357	497
	<u>82,521</u>	<u>182,693</u>
Increase in cash	82,521	182,693
Cash, beginning of year	907,567	724,874
Cash, end of year	<u>\$ 990,088</u>	<u>\$ 907,567</u>

See accompanying notes to financial statements.

CHRISTIAN HORIZONS GLOBAL

Notes to Financial Statements

Year ended March 31, 2020

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, 2020

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.

(g) New accounting standards:

In March 2018, the Accounting Standards Board issued "Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of three new handbook sections in Accounting Standards for Not-for-Profit Organizations - Part III of the Chartered Professional Accountants of Canada Handbook ("Handbook") as follows:

- (i) *Section 4433, Tangible capital assets held by not-for-profit organizations*, which directs organizations to apply the accounting guidance of *Section 3061, Property Plant and Equipment* in Accounting Standards for Private Enterprises - Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

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Notes to Financial Statements, continued

Year ended March 31, 2020

1. Significant accounting policies (continued):

(g) New accounting standards (continued):

- (ii) *Section 4434, Intangible assets held by not-for-profit organizations*, which directs organizations to annually assess intangible assets, and, where applicable, to record an impairment expenses should the net carrying value be higher than the fair value or replacement cost of the asset.
- (iii) *Section 4441, Collections held by not-for-profit organizations*, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

The amendments are effective for the Organization's financial statements for the year ended March 31, 2020.

The implementation of these changes had no impact on the financial statements.

2. Capital assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Buildings	\$ 818,740	\$ 657,872	\$ 160,868	\$ 210,845
Vehicles	234,087	209,888	24,199	42,500
	<u>\$ 1,052,827</u>	<u>\$ 867,760</u>	<u>\$ 185,067</u>	<u>\$ 253,345</u>

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,564 (2019 - \$4,737), which includes amounts payable for payroll related taxes.

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Notes to Financial Statements, continued

Year ended March 31, 2020

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, 2020, with comparative information for 2019, and for the year then ended, is as follows:

	2020	2019
Assets:		
Current assets	\$ 31,624	\$ 10,512
	\$ 31,624	\$ 10,512
Liabilities and fund balances:		
Current liabilities	\$ 2,154	\$ 587
Fund balance	29,470	9,925
	\$ 31,624	\$ 10,512
Operations:		
Revenue	\$ 410,812	\$ 475,015
Expenses	391,267	475,437
Excess (deficiency) of revenue over expenses	\$ 19,545	\$ (422)
Cash flows:		
Cash provided (used) by operating activities	\$ 23,061	\$ (20,244)

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. No allowance for impairment of receivables has been recorded at March 31, 2020 and 2019.

(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, 2020

6. Change in non-cash working capital items:

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

	2020		2019
Decrease (increase) in current assets:			
Accounts receivable	\$ 110,540	\$	18,941
Prepaid expenses	(5,946)		(5,040)
	104,594		13,901
Increase (decrease) in current liabilities:			
Accounts payable and accrued liabilities	(40,237)		(13,404)
	\$ 64,357	\$	497

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:

	2020		2019
Shared services paid to Christian Horizons	\$ 41,701	\$	41,680

(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.

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Notes to Financial Statements, continued

Year ended March 31, 2020

7. Related party transactions (continued):

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

The following transactions occurred in the year ended March 31:

	2020	2019
Management fees paid to Christian Horizons (Canada)	\$ 7,799	\$ 7,820
Donations transferred from Christian Horizons (Canada)	421,979	217,608

8. Economic interest:

Christian Horizons Foundation granted \$45,000 (2019 - \$50,000) during the year to the Organization to fund projects.

9. Subsequent event:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant financial, market and social impacts.

At the time of approval of these financial statements, the Organization has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Restricted access at program locations and the centralized administration building based on public health recommendation from March 13, 2020 to the date of the approval of these financial statements by the Board of Directors;
- Mandatory working from home requirements where appropriate; and
- Implemented out of country travel restrictions.

At this time, these factors present uncertainty over future cash flows, may cause changes to the assets or liabilities and may have an impact on future operations. An estimate of the financial effect is not practicable at this time.