

Consolidated Financial Statements of

**CHRISTIAN BLIND MISSION INTERNATIONAL
o/a cbm Canada**

2017 FINANCIAL STATEMENTS

NETHERCOTT & COMPANY

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INDEPENDENT AUDITORS' REPORT

To the Members
CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada

We have audited the accompanying consolidated financial statements of CHRISTIAN BLIND MISSION INTERNATIONAL, which comprise the consolidated statement of financial position as at June 30, 2017, the consolidated statements of operations, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of CHRISTIAN BLIND MISSION INTERNATIONAL as at June 30, 2017, and its consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants
Licensed Public Accountants

North York, Ontario
November 25, 2017

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Consolidated Statement of Financial Position
As at June 30, 2017

	2017				2016				
	Operating Fund	Restricted Fund	Capital Fund	Total	NIA (Note 2)	cbm US (Note 2)	Elimination	Consolidated	Consolidated
ASSETS									
Current									
Cash and investments	\$ 2,253,402	\$ 4,174,044	\$ -	\$ 6,427,446	\$ 323,404	\$ 6,461,045	\$ -	\$ 13,211,895	\$ 9,720,874
Amounts receivable	1,690,013	-	-	1,690,013	-	1,072,082	(247,656)	2,514,439	2,606,671
Prepaid expenses	5,693	-	-	5,693	-	2,658	-	8,351	9,372
	3,949,108	4,174,044	-	8,123,152	323,404	7,535,784	(247,656)	15,734,684	12,336,917
Donations-in-kind	4,195,888	-	-	4,195,888	-	66,149	-	4,262,037	3,306,875
Capital assets (Note 5)	-	-	1,603,678	1,603,678	-	-	-	1,603,678	1,647,794
	<u>\$ 8,144,996</u>	<u>\$ 4,174,044</u>	<u>\$ 1,603,678</u>	<u>\$ 13,922,718</u>	<u>\$ 323,404</u>	<u>\$ 7,601,933</u>	<u>\$ (247,656)</u>	<u>\$ 21,600,399</u>	<u>\$ 17,291,586</u>
LIABILITIES AND FUND BALANCES									
Current									
Accounts payable and accrued liabilities	\$ 287,436	\$ -	\$ -	\$ 287,436	\$ 81,479	\$ 642,124	\$ (247,656)	\$ 763,383	\$ 857,276
Non-current									
Annuities and trusts									
Gift annuities	-	834,485	-	834,485	-	-	-	834,485	962,388
Trust agreements	-	83,774	-	83,774	-	165,036	-	248,810	82,921
Deferred income	-	778,186	-	778,186	-	620,752	-	1,398,938	1,118,735
	-	1,696,445	-	1,696,445	-	785,788	-	2,482,233	2,164,044
	287,436	1,696,445	-	1,983,881	81,479	1,427,913	(247,656)	3,245,616	3,021,320
Fund Balances									
Invested in capital assets	-	-	1,603,678	1,603,678	-	-	-	1,603,678	1,647,794
Externally Restricted (Note 6)	-	2,477,599	-	2,477,599	-	(73,347)	-	2,404,252	2,456,784
Unrestricted (Note 11)	7,857,560	-	-	7,857,560	241,925	6,458,172	-	14,557,657	10,165,688
Cumulative translation adjustment	-	-	-	-	-	(210,805)	-	(210,805)	-
	<u>7,857,560</u>	<u>2,477,599</u>	<u>1,603,678</u>	<u>11,938,837</u>	<u>241,925</u>	<u>6,174,021</u>	<u>-</u>	<u>18,354,783</u>	<u>14,270,266</u>
	<u>\$ 8,144,996</u>	<u>\$ 4,174,044</u>	<u>\$ 1,603,678</u>	<u>\$ 13,922,718</u>	<u>\$ 323,404</u>	<u>\$ 7,601,933</u>	<u>\$ (247,656)</u>	<u>\$ 21,600,399</u>	<u>\$ 17,291,586</u>

Approved by the Board of Directors

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Consolidated Statement of Operations
Year ended June 30, 2017

	2017						2016	
	Operating Fund	Restricted Fund	Capital Fund	Total	NIA (Note 2)	cbm US (Note 2)	Consolidated	Consolidated
REVENUE								
Contributions	\$ 11,275,425	\$ -	\$ -	\$ 11,275,425	\$ -	\$ 650,037	\$ 11,925,462	\$ 10,171,110
Donations-in-kind	13,203,000	-	-	13,203,000	-	105,360,812	118,563,812	7,860,613
Bequests - designated	118,774	-	-	118,774	-	-	118,774	378,979
- undesignated	1,110,277	-	-	1,110,277	-	-	1,110,277	1,400,558
Endowment income	88,794	80,814	-	169,608	-	-	169,608	70,406
Annuity and trust income	269,251	-	-	269,251	-	-	269,251	303,554
Grants - Institutional	-	-	-	-	48,463	790,045	838,508	1,588,428
Investment income	10,000	-	-	10,000	-	342,115	352,115	30,958
Other	36,576	-	-	36,576	6,645	297,810	341,031	57,089
	<u>26,112,097</u>	<u>80,814</u>	<u>-</u>	<u>26,192,911</u>	<u>55,108</u>	<u>107,440,819</u>	<u>133,688,838</u>	<u>21,861,695</u>
EXPENDITURE								
International Programs								
Prevention	382,810	-	-	382,810	236,844	106,125,106	106,744,760	1,843,092
Cure	2,970,402	-	-	2,970,402	-	16,497	2,986,899	2,419,058
Care	16,610,016	-	-	16,610,016	-	74,738	16,684,754	7,398,985
	<u>19,963,228</u>	<u>-</u>	<u>-</u>	<u>19,963,228</u>	<u>236,844</u>	<u>106,216,340</u>	<u>126,416,412</u>	<u>11,661,135</u>
Canadian Programs								
Educational and Spiritual	1,966,140	-	-	1,966,140	-	-	1,966,140	1,895,617
	<u>21,929,368</u>	<u>-</u>	<u>-</u>	<u>21,929,368</u>	<u>236,844</u>	<u>106,216,340</u>	<u>128,382,552</u>	<u>13,556,752</u>
Supporting Ministries								
Fundraising / marketing	3,814,141	-	-	3,814,141	151,989	176,188	4,142,318	3,062,214
General and Administrative Support (Note 10)	1,504,449	-	-	1,504,449	542,439	552,461	2,599,349	1,648,567
Amortization	-	-	158,294	158,294	-	-	158,294	150,880
	<u>5,318,590</u>	<u>-</u>	<u>158,294</u>	<u>5,476,884</u>	<u>694,428</u>	<u>728,649</u>	<u>6,899,961</u>	<u>4,861,661</u>
	<u>27,247,958</u>	<u>-</u>	<u>158,294</u>	<u>27,406,252</u>	<u>931,272</u>	<u>106,944,989</u>	<u>135,282,513</u>	<u>18,418,413</u>
Excess of revenue over expenditure for the period	<u>\$ (1,135,861)</u>	<u>\$ 80,814</u>	<u>\$ (158,294)</u>	<u>\$ (1,213,341)</u>	<u>\$ (876,164)</u>	<u>\$ 495,829</u>	<u>\$ (1,593,676)</u>	<u>\$ 3,443,282</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Consolidated Statement of Changes in Fund Balances
Year ended June 30, 2017

	2017							2016
	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>NIA (Note 2)</u>	<u>cbm US (Note 2)</u>	<u>Consolidated</u>	<u>Consolidated</u>
Fund balances, beginning of the period	\$ 9,107,599	\$ 2,396,784	\$ 1,647,794	\$ 13,152,177	\$ 1,118,089	\$ 5,888,996	\$ 20,159,262	\$ 10,826,983
Excess of revenue over expenditure for the period	(1,135,861)	80,814	(158,294)	(1,213,341)	(876,164)	495,829	(1,593,676)	3,443,283
Interfund transfer during the period (Note 4)	(114,178)	-	114,178	-	-	-	-	-
FUND BALANCES, END OF THE PERIOD	<u>\$ 7,857,560</u>	<u>\$ 2,477,598</u>	<u>\$ 1,603,678</u>	<u>\$ 11,938,836</u>	<u>\$ 241,925</u>	<u>\$ 6,384,826</u>	<u>\$ 18,565,587</u>	<u>\$ 14,270,266</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Consolidated Statement of Cash Flows
Year ended June 30, 2017

	2017				2016
	<u>cbm Canada</u>	<u>NIA</u> (Note 2)	<u>cbm US</u> (Note 2)	<u>Consolidated</u>	<u>Consolidated</u>
CASH PROVIDED BY (USED IN):					
Operating activities					
Excess of revenue over expenditure for the period	\$ (1,213,341)	\$ (876,164)	\$ 495,829	\$ (1,593,676)	\$ 3,443,283
Items not affecting cash					
Amortization of capital assets	158,294	-	-	158,294	150,880
Cumulative translation adjustment	-	-	(210,805)	(210,805)	-
	<u>(1,055,047)</u>	<u>(876,164)</u>	<u>285,024</u>	<u>(1,646,187)</u>	<u>3,594,163</u>
Changes in non-cash operating working capital items					
Amounts receivable	706,991	209,667	(54,949)	861,709	(2,258,000)
Prepaid expenses	3,680	-	6,740	10,420	22,085
Donations-in-kind	(889,013)	-	2,294	(886,719)	(2,501,588)
Accounts payable and accrued liabilities	(468,587)	(19,774)	300,894	(187,467)	142,610
Gift annuities	(127,903)	-	-	(127,903)	(186,612)
Trust agreements	853	-	(6,265)	(5,412)	(175,893)
Deferred income	(115,549)	(225,000)	(450,312)	(790,861)	182,432
	<u>(1,944,575)</u>	<u>(911,271)</u>	<u>83,426</u>	<u>(2,772,420)</u>	<u>(1,180,803)</u>
Investing activities					
Purchase of capital assets - net	<u>(114,178)</u>	<u>-</u>	<u>2,099</u>	<u>(112,079)</u>	<u>(176,492)</u>
INCREASE/(DECREASE) IN CASH AND EQUIVALENTS FOR THE PERIOD	<u>(2,058,753)</u>	<u>(911,271)</u>	<u>85,525</u>	<u>(2,884,499)</u>	<u>(1,357,295)</u>
Cash and equivalents, beginning of the period	<u>8,486,199</u>	<u>1,234,675</u>	<u>6,375,520</u>	<u>16,096,394</u>	<u>11,078,169</u>
CASH AND EQUIVALENTS, END OF THE PERIOD	<u>\$ 6,427,446</u>	<u>\$ 323,404</u>	<u>\$ 6,461,045</u>	<u>\$ 13,211,895</u>	<u>\$ 9,720,874</u>

The accompanying notes are an integral part of these financial statements.

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Notes to the Financial Statements
Year ended June 30, 2017

1 Purpose of organization

Christian Blind Mission International o/a cbm Canada (the "Mission") is a religious, charitable, not-for-profit corporation without share capital, registered by Canada Revenue Agency for tax receipting purposes. The consolidated financial statements present the consolidated financial position and results of operations conducted by the Canadian organization world-wide.

The Mission is an international Christian development organization, committed to bringing hope and healing and improving the quality of life of persons with disabilities in the poorest countries of the world.

2 Summary of significant accounting policies

These consolidated financial statements present, in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook the assets, liabilities, fund balances, revenue, expenses and cash flows of the Mission and its controlled entities.

NIA Technologies Inc. (NIA) commenced its first year effective July 21, 2015. It is controlled by the Mission.

The Mission took over control of Christian Blind Mission International Inc o/a cbm USA ("cbm US") effective January 1, 2017 in which it is the only member. The assets and liabilities of cbm US are translated into Canadian dollars at exchange rates prevailing at the year-end date. Revenue and expenditures have been translated using an average monthly rate.

Fund accounting

The Mission adopted the restricted fund method of accounting for contributions.

The operating fund reports the activity related to the operations and administration of the Mission.

The restricted fund reports the activity related to the planned giving operations of the Mission.

The capital fund reports the activity related to the capital assets of the Mission.

Revenue recognition

Contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations-in-kind

Donations-in-kind are valued at fair value at the date of contribution and included as revenues and assets of the Mission. When distributed, donations-in-kind are expensed and the asset is written off.

Investment Income

Investment income is recorded on the accrual basis and includes interest income, dividends, realized gains on sale of investments and change in unrealized gains on investments.

Capital assets

The capital assets are carried at cost less accumulated amortization. Amortization is calculated based upon the estimated useful life of the assets on a straight-line basis at the following annual rates:

Building	-	over 30 years
Solar equipment	-	over 20 years
Furniture and other equipment	-	over 5 years
Computer equipment	-	over 3 years

Contributed services

Volunteer services contributed to the Mission in carrying out its operating activities are not recognized in these financial statements due to the difficulty in determining their fair value.

2 Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the Board of Directors' best estimates, as additional information becomes available in the future.

Allocation of Expenses

The Mission engages in international programs, Canadian programs and education, as well as fundraising programs. The Mission also incurs various general and administrative support expenses that are common to the administration of the organization and each of its programs. All costs that are allocated relate to general and administrative support expenses.

With respect to general and administrative support expenses, the appropriate basis of allocating each component expense is identified, and applied on a consistent basis each year. Corporate governance and general management expenses are not allocated; other general and administrative support expenses are allocated on the following basis:

Human resources, information technology, and accounting support service costs are allocated proportionately on the basis of the total costs of the program excluding human resources, information technology, and accounting support service costs.

Facilities costs are allocated proportionately on the basis of office space utilization.

The remaining general and administrative support expenses are allocated proportionately on the basis of hours incurred directly in undertaking each function.

3 Change in accounting policy

During the year, the Mission changed its accounting policy with respect to how it recognizes expenses for international program expenditures. Prior to this change, the Mission recognized expenses at the time the initial commitment to disburse funds was made to international partners. The Mission now expenses these fund disbursements when evidence of service completion is received from these international partners.

The Mission believes this new policy more closely aligns the accounting for these transactions with the increased reporting capabilities and transparency from these international partners.

The impact of this change for the current year resulted in an increase to the beginning fund balance of \$8,806,875. In 2016, the impact of this change resulted in a decrease of international programs expenditures of \$2,421,676 and an increase to the beginning fund balance of \$6,385,199.

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Notes to the Financial Statements
Year ended June 30, 2017

4 Interfund transfer

During the period, the following interfund transfer was made:

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Capital Fund</u>
Purchase of capital assets	\$ (114,178)	\$ -	\$ 114,178

5 Capital assets

	<u>2017</u>			<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 377,000	\$ -	\$ 377,000	\$ 407,531
Building	1,475,308	447,655	1,027,653	1,065,908
Solar equipment	66,367	19,910	46,457	49,775
Furniture and other equipment	251,387	245,566	5,821	10,556
Computer equipment	937,799	791,052	146,747	114,024
	<u>\$ 3,107,861</u>	<u>\$ 1,504,183</u>	<u>\$ 1,603,678</u>	<u>\$ 1,647,794</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Notes to the Financial Statements
Year ended June 30, 2017

6 Externally restricted fund balances

Major categories of externally imposed restrictions on fund balances are as follows:

	<u>2017</u>	<u>2016</u>
Endowments, the income from which must be used for overseas programs	\$ 2,294,551	\$ 2,289,230
Unrealized gains on Endowment Fund resources	<u>183,048</u>	<u>107,554</u>
	<u>\$ 2,477,599</u>	<u>\$ 2,396,784</u>

7 Gifts annuities and trust agreements

Gift Annuities

The Mission has entered into irrevocable gift annuity agreements with donors desirous of making a charitable donation to the Mission. Payments at guaranteed rates are made during the lifetime of the annuitant. On the death of the annuitant, the balance of funds remain the property of the Mission and are recorded as income at that time.

Trust Agreements

The Mission has established revocable and irrevocable trust agreements as a form of deferred giving. Under the terms of the agreements, interest earned is paid to the donor/investor. At the time of the donor/investor's death, the principal becomes available for ministry purposes.

8 Line of credit

A line of credit of up to \$1,100,000 secured by the property has been established with TD Canada Trust to provide available financing if necessary. The line of credit was not utilized as at June 30, 2017.

9 Financial instruments

Risks and concentrations

The Mission is exposed to various risks through its financial instruments. The more significant of financial instruments held by the Mission include cash and investments, amounts receivable, accounts payable, gift annuities and trust agreements. The Mission's Board of Directors has approved a Statement of Investment Policy that provides the guidelines for managing investments of the Mission. The following analysis provides a summary of the Mission's exposure to and concentrations of risk at June 30, 2017.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity is exposed to interest rate risk on its fixed income investments. The Mission manages this risk by staggering the terms of the investments held.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The entity is exposed to the currency risk in holding assets and/or liabilities denominated in currencies other than the Canadian dollar, the Mission's functional currency, as the value of the instruments denominated in other currencies will fluctuate in accordance with the applicable exchange rates in effect.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The entity is exposed to price risk on its investments in equities. The Mission mitigates this risk through controls to monitor and limit concentration levels.

Other risks

The Mission's exposure to credit risk is limited because it does not engage in transactions directly exposed to this risk. The Mission's exposure to liquidity risk is limited because of the near-term maturity of the majority of its short-term investments.

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Notes to the Financial Statements
Year ended June 30, 2017

10 Allocation of expenses

b) General and administrative support expenses

General and administrative support expenses are stated after allocation of the following amounts:

	<u>2017</u>		<u>2016</u>
International programs	\$ 328,015	\$	333,643
Canadian programs and education	50,189		520,373
Fundraising	<u>87,886</u>		<u>747,684</u>
	<u>\$ 466,091</u>	\$	<u>1,601,700</u>

11 Unrestricted fund balance

The Mission approved projects in which it will participate and is committed to raise funds for such purposes. The Mission monitors the financial and administration direction and control over the projects through regional representatives reporting to the Mission. Payments are expected to be made to these projects once the Mission has received evidence confirming financial and administrative direction and control which will be released from the unrestricted fund balance.

