

CHRISTIAN BLIND MISSION INTERNATIONAL
o/a cbm Canada

2012 FINANCIAL STATEMENTS

NETHERCOTT & COMPANY

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada

We have audited the accompanying financial statements of CHRISTIAN BLIND MISSION INTERNATIONAL, which comprise the statement of financial position as at June 30, 2012, the statement of operations, the statement of changes in fund balances and the statement of cash flows for the year then ended, and 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 generally accepted accounting principles, 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 the auditor's 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, the auditor considers 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, the organization derives income from contributions the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this income was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of income over expenditure, current assets and net assets.

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 BLIND MISSION INTERNATIONAL as at June 30, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



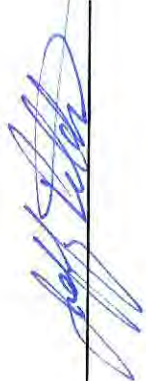
Chartered Accountants
Licensed Public Accountants

North York, Ontario
September 29, 2012

**CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012**

	2012			2011
	Operating Fund	Restricted Fund	Capital Fund	
ASSETS				
Current				
Cash and investments	\$ 2,770,951	\$ 5,750,711	\$ -	\$ 8,521,662
Amounts receivable	2,010,411	-	-	2,010,411
Prepaid expenses	31,494	-	-	31,494
	<u>4,812,856</u>	<u>5,750,711</u>	<u>-</u>	<u>10,563,567</u>
Donations-in-kind	2,414,989	-	-	2,414,989
Capital assets (Note 4)	-	-	1,465,486	1,465,486
	<u>7,227,845</u>	<u>5,750,711</u>	<u>1,465,486</u>	<u>14,444,042</u>
\$	\$ 7,227,845	\$ 5,750,711	\$ 1,465,486	\$ 13,710,797
LIABILITIES AND FUND BALANCES				
Current				
Accounts payable	\$ 320,888	\$ -	\$ -	\$ 320,888
Funds held for projects (Note 5)	6,867,195	-	-	6,867,195
	<u>7,188,083</u>	<u>-</u>	<u>-</u>	<u>7,188,083</u>
Non-current				
Annuities and trusts				
Gift annuities	-	2,383,917	-	2,383,917
Trust agreements	-	466,867	-	466,867
Deferred income	-	627,921	-	627,921
	<u>-</u>	<u>3,478,705</u>	<u>-</u>	<u>3,478,705</u>
	<u>7,188,083</u>	<u>3,478,705</u>	<u>-</u>	<u>10,666,788</u>
Fund Balances				
Invested in capital assets	-	-	1,465,486	1,465,486
Externally Restricted (Note 6)	-	2,272,006	-	2,272,006
Unrestricted	39,762	-	-	39,762
	<u>39,762</u>	<u>2,272,006</u>	<u>1,465,486</u>	<u>3,777,254</u>
	<u>7,227,845</u>	<u>5,750,711</u>	<u>1,465,486</u>	<u>14,444,042</u>
\$	\$ 7,227,845	\$ 5,750,711	\$ 1,465,486	\$ 13,710,797

Approved by the Board of Directors

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
 STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED JUNE 30, 2012

	2012			2011
	Operating Fund	Restricted Fund	Capital Fund	Total
REVENUE				
Contributions	\$ 10,414,879	\$ -	\$ -	\$ 10,414,879
Donations-in-kind	7,967,987	-	-	7,967,987
Bequests - designated	57,000	-	-	57,000
- undesignated	1,546,873	-	-	1,546,873
Endowment income	39,661	9,242	-	48,903
Annuity and trust income	526,673	-	-	526,673
Grants - CIDA	562,687	-	-	562,687
Investment income	9,482	-	-	9,482
Rental and other	386,541	-	-	386,541
	<u>21,511,783</u>	<u>9,242</u>	<u>-</u>	<u>21,521,025</u>
EXPENDITURE				
International Programs				
Prevention	4,052,344	-	-	4,052,344
Cure	1,144,855	-	-	1,144,855
Care	10,752,563	-	-	10,752,563
	<u>15,949,762</u>	<u>-</u>	<u>-</u>	<u>15,949,762</u>
Canadian Programs				
Educational and Spiritual including Talking Book Library	2,229,911	-	-	2,229,911
Supporting Ministries				
Fundraising / marketing (Note 10)	1,967,791	-	-	1,967,791
General and Administrative Support (Note 10)	1,149,474	-	-	1,149,474
Amortization	-	-	155,590	155,590
	<u>3,117,265</u>	<u>-</u>	<u>155,590</u>	<u>3,272,855</u>
	<u>21,296,938</u>	<u>-</u>	<u>155,590</u>	<u>21,452,528</u>
Excess (deficiency) of revenue over expenditure before interfund transfers	214,845	9,242	(155,590)	68,497
Interfund transfer during the period (Note 3)	(253,743)	-	253,743	-
Excess (deficiency) of revenue over expenditure for the period	\$ (38,898)	\$ 9,242	\$ 98,153	\$ 68,497
				<u><u>17,082</u></u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2012

	2012			2011
	Operating Fund	Restricted Fund	Capital Fund	Total
Fund balances, beginning of the period	\$ 78,660	\$ 2,267,684	\$ 1,367,333	\$ 3,713,677
Excess/(deficiency) of revenue over expenditure for the period	(38,898)	9,242	98,153	68,497
Unrealized gains/(losses) on available-for-sale financial assets arising during the period	-	(4,920)	-	(4,920)
FUND BALANCES, END OF THE PERIOD	\$ 39,762	\$ 2,272,006	\$ 1,465,486	\$ 3,777,254
				\$ 3,713,677

**CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2012</u>	<u>2011</u>
CASH PROVIDED BY (USED FOR):		
Cash flows from operating activities		
Excess of revenue over expenditure for the period	\$ 68,497	\$ 17,082
Unrealized gains/(losses)	(4,920)	139,050
Amortization	<u>155,590</u>	<u>142,814</u>
	219,167	298,946
Net decrease/(increase) in working capital items	<u>1,474,344</u>	<u>(72,628)</u>
	1,693,511	226,318
Cash flows from investing activities		
Purchase of capital assets	<u>(253,743)</u>	<u>(126,891)</u>
INCREASE IN CASH AND EQUIVALENTS FOR THE PERIOD	1,439,768	99,427
Cash and equivalents, beginning of the period	<u>7,081,894</u>	<u>6,982,467</u>
CASH AND EQUIVALENTS, END OF THE PERIOD	<u>\$ 8,521,662</u>	<u>\$ 7,081,894</u>

**CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

1 Corporation and 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 financial statements present the financial position and results of operations conducted by the Canadian organization world-wide.

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

2 Summary of Significant Accounting Policies

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. Unrealized gains and losses on available-for-sale financial assets are included directly in the fund balances or deferred, as appropriate, until the asset is removed from the statement of financial position.

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.

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.

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.

**CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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 either fundraising or general and administrative support expenses.

With respect to fundraising expenses, both the education and fundraising programs include the use of the same mailing to further the work of the Mission. Content of each mailing is designed and intended to achieve a specific educational objective. The cost of the content used directly by the education and the fundraising program is included in each program. Some of the content included in direct mail fundraising campaigns are mailed to individuals who have been identified as potential beneficiaries of the educational component of the materials. Shared costs of those specific mailings have been allocated to the fundraising and education programs on a proportional basis. Other fundraising costs are allocated proportionately on the basis of hours incurred directly in undertaking each function.

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.

Future accounting changes

The Accounting Standards Board (AcSB) has approved the incorporation of the standards set out in Part III of the Handbook as the accounting standards for not-for-profit organizations. The new principles are not substantially different from the current accounting policies for not-for-profit organizations. These new standards would be effective for financial years beginning on or after January 1, 2012 and will be adopted in The Mission's next fiscal year. The current standards applicable to not-for-profit organizations will remain in effect until organizations have adopted the new standards.

3 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	\$ <u>(253,743)</u>	\$ <u>-</u>	\$ <u>253,743</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

4 Capital Assets

	2012			2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 377,000	\$ -	\$ 377,000	\$ 377,000
Building	1,102,885	216,169	886,716	882,911
Solar equipment	66,367	3,318	63,049	-
Furniture and other equipment	201,485	170,991	30,494	26,022
Computer equipment	516,388	408,161	108,227	81,400
	<u>\$ 2,264,125</u>	<u>\$ 798,639</u>	<u>\$ 1,465,486</u>	<u>\$ 1,367,333</u>

5 Funds held for projects

The Mission approved projects in which it will participate and is committed to raising funds required for such purposes. Due to the concerns for currency fluctuations and the economic stability of foreign countries, the funds are remitted to the projects world-wide when required. Funds raised in 2012 awaiting transmission in the 2013 fiscal year on budgeted projects amounted to \$6,867,195 as at June 30, 2012 (\$5,665,653 in 2011 on 2012 budgeted projects).

The Mission monitors the financial and administrative direction and control over the projects through regional representatives reporting to the Mission.

6 Externally restricted fund balances

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

	2012	2011
Endowments, the income from which must be used for overseas programs	\$ 2,265,049	\$ 2,255,806
Unrealized gains on Endowment Fund resources	6,957	11,878
	<u>\$ 2,272,006</u>	<u>\$ 2,267,684</u>

7 Gifts annuities and trust agreements

a) 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.

**CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

b) 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, 2012.

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 following analysis provides a summary of the Mission's exposure to and concentrations of risk at June 30, 2012.

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.

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.

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
FOR THE YEAR ENDED JUNE 30, 2012**

10 Allocation of expenses

a) Fundraising expenses

Fundraising expenses of \$3,093,591 (2011 - \$3,256,397) have been allocated as follows:

	<u>2012</u>	<u>2011</u>
International programs	\$ 63,225	\$ 65,981
Canadian programs and education	1,212,811	1,314,697
Fundraising	1,755,895	1,809,903
General and administrative support	61,660	65,816
	<u>\$ 3,093,591</u>	<u>\$ 3,256,397</u>

b) General and administrative support expenses

General and administrative support expenses of \$2,375,539 (2011 - \$2,294,734) have been allocated as follows:

	<u>2012</u>	<u>2011</u>
International programs	\$ 380,082	\$ 355,104
Canadian programs and education	695,747	663,794
Fundraising	211,896	206,565
General and administrative support	1,087,814	1,069,271
	<u>\$ 2,375,539</u>	<u>\$ 2,294,734</u>