

**Financial Statements of**

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

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**June 30, 2014**

**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, 2014, and the statements of operations, changes in fund balances and 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 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of CHRISTIAN BLIND MISSION INTERNATIONAL as at June 30, 2014, 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.



Chartered Accountants  
Licensed Public Accountants

North York, Ontario  
September 13, 2014

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada  
Statement of Financial Position  
As at June 30, 2014

|  | 2014                |                     |                     | 2013                 |
|--|---------------------|---------------------|---------------------|----------------------|
|  | Operating Fund      | Restricted Fund     | Capital Fund        | Total                |
| <b>ASSETS</b>                            |                     |                     |                     |                      |
| <b>Current</b>                           |                     |                     |                     |                      |
| Cash and investments                     | \$ 3,481,709        | \$ 5,321,653        | \$ -                | \$ 8,803,362         |
| Amounts receivable                       | 1,094,221           | -                   | -                   | 1,094,221            |
| Prepaid expenses                         | 7,116               | -                   | -                   | 7,116                |
|  | <u>4,583,046</u>    | <u>5,321,653</u>    | <u>-</u>            | <u>9,904,699</u>     |
| <b>Donations-in-kind</b>                 | 1,963,188           | -                   | -                   | 1,963,188            |
| <b>Capital assets (Note 4)</b>           | -                   | -                   | 1,609,752           | 1,609,752            |
|  | <u>\$ 6,546,234</u> | <u>\$ 5,321,653</u> | <u>\$ 1,609,752</u> | <u>\$ 13,477,639</u> |
|  |                     |                     |                     | <u>\$ 11,529,340</u> |
| <b>LIABILITIES AND FUND BALANCES</b>     |                     |                     |                     |                      |
| <b>Current</b>                           |                     |                     |                     |                      |
| Accounts payable and accrued liabilities | \$ 1,032,675        | \$ -                | \$ -                | \$ 1,032,675         |
| Funds held for projects (Note 5)         | 5,363,188           | -                   | -                   | 5,363,188            |
|  | <u>6,395,863</u>    | <u>-</u>            | <u>-</u>            | <u>6,395,863</u>     |
| <b>Non-current</b>                       |                     |                     |                     |                      |
| Annuities and trusts                     |                     |                     |                     |                      |
| Gift annuities                           | -                   | 1,860,781           | -                   | 1,860,781            |
| Trust agreements                         | -                   | 260,145             | -                   | 260,145              |
| Deferred income                          | -                   | 572,879             | -                   | 572,879              |
|  | <u>-</u>            | <u>2,693,805</u>    | <u>-</u>            | <u>2,693,805</u>     |
| <b>Fund Balances</b>                     | 6,395,863           | 2,693,805           | -                   | 9,089,668            |
| Invested in capital assets               | -                   | -                   | 1,609,752           | 1,609,752            |
| Externally Restricted (Note 6)           | -                   | 2,627,848           | -                   | 2,627,848            |
| Unrestricted                             | 150,371             | -                   | -                   | 150,371              |
|  | <u>150,371</u>      | <u>2,627,848</u>    | <u>1,609,752</u>    | <u>4,387,971</u>     |
|  | <u>\$ 6,546,234</u> | <u>\$ 5,321,653</u> | <u>\$ 1,609,752</u> | <u>\$ 13,477,639</u> |
|  |                     |                     |                     | <u>\$ 11,529,340</u> |

Approved by the Board of Directors




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

**CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada**  
**Statement of Operations**  
**Year ended June 30, 2014**

|  | 2014              |                   |                   | 2013              |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Operating Fund    | Restricted Fund   | Capital Fund      | Total             |
| <b>REVENUE</b>   |                   |                   |                   |                   |
| Contributions  | \$ 9,375,872      | \$ -              | \$ -              | \$ 9,375,872      |
| Donations-in-kind  | 11,480,253        | -                 | -                 | 11,480,253        |
| Bequests - designated  | 17,343            | -                 | -                 | 17,343            |
| - undesignated   | 1,720,115         | -                 | -                 | 1,720,115         |
| Endowment income   | 122,075           | 251,125           | -                 | 373,200           |
| Annuity and trust income   | 232,736           | -                 | -                 | 232,736           |
| Grants - DFATD   | (306,592)         | -                 | -                 | (306,592)         |
| Investment income  | 19,035            | -                 | -                 | 19,035            |
| Other  | 55,600            | -                 | -                 | 55,600            |
|  | <u>22,716,437</u> | <u>251,125</u>    | <u>-</u>          | <u>22,967,562</u> |
|  |                   |                   |                   | <u>22,798,178</u> |
| <b>EXPENDITURE</b>   |                   |                   |                   |                   |
| International Programs   |                   |                   |                   |                   |
| Prevention   | 1,559,381         | -                 | -                 | 1,559,381         |
| Cure   | 6,757,318         | -                 | -                 | 6,757,318         |
| Care   | 9,009,758         | -                 | -                 | 9,009,758         |
|  | <u>17,326,457</u> | <u>-</u>          | <u>-</u>          | <u>17,326,457</u> |
|  |                   |                   |                   | <u>17,286,246</u> |
| Canadian Programs  |                   |                   |                   |                   |
| Educational and Spiritual including Talking Book Library                   | 1,928,000         | -                 | -                 | 1,928,000         |
|  | <u>19,254,457</u> | <u>-</u>          | <u>-</u>          | <u>19,254,457</u> |
|  |                   |                   |                   | <u>19,403,862</u> |
| Supporting Ministries  |                   |                   |                   |                   |
| Fundraising / marketing (Note 10)  | 1,922,065         | -                 | -                 | 1,922,065         |
| General and Administrative Support (Note 10)                               | 1,172,880         | -                 | -                 | 1,172,880         |
| Amortization   | -                 | -                 | 143,754           | 143,754           |
|  | <u>3,094,945</u>  | <u>-</u>          | <u>143,754</u>    | <u>3,238,699</u>  |
|  | <u>22,349,402</u> | <u>-</u>          | <u>143,754</u>    | <u>22,493,156</u> |
|  |                   |                   |                   | <u>22,661,867</u> |
| Excess (deficiency) of revenue over expenditure before interfund transfers | 367,035           | 251,125           | (143,754)         | 474,406           |
| Interfund transfer during the period (Note 3)                              | (271,646)         | -                 | 271,646           | -                 |
| <b>Excess of revenue over expenditure for the period</b>                   | <u>\$ 95,389</u>  | <u>\$ 251,125</u> | <u>\$ 127,892</u> | <u>\$ 474,406</u> |
|  |                   |                   |                   | <u>\$ 136,311</u> |

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

**CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada**  
**Statement of Changes in Fund Balances**  
**Year ended June 30, 2014**

|   | 2014                            |                                   |                                   |                                   | 2013                              |
|---|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | Operating Fund                  | Restricted Fund                   | Capital Fund                      | Total                             | Total                             |
| Fund balances, beginning of the period            | \$ 54,982                       | \$ 2,376,723                      | \$ 1,481,860                      | \$ 3,913,565                      | \$ 3,777,254                      |
| Excess of revenue over expenditure for the period | <u>95,389</u>                   | <u>251,125</u>                    | <u>127,892</u>                    | <u>474,406</u>                    | <u>136,311</u>                    |
| <b>FUND BALANCES, END OF THE PERIOD</b>           | <b><u><u>\$ 150,371</u></u></b> | <b><u><u>\$ 2,627,848</u></u></b> | <b><u><u>\$ 1,609,752</u></u></b> | <b><u><u>\$ 4,387,971</u></u></b> | <b><u><u>\$ 3,913,565</u></u></b> |

**CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada**  
**Statement of Cash Flows**  
**Year ended June 30, 2014**

|   | <u>2014</u>         | <u>2013</u>         |
|---|---------------------|---------------------|
| <b>CASH PROVIDED BY (USED IN):</b>                                    |                     |                     |
| <b>Operating activities</b>   |                     |                     |
| Excess of revenue over expenditure for the period                     | \$ 474,406          | \$ 136,311          |
| Items not affecting cash  |                     |                     |
| Amortization of capital assets  | <u>143,754</u>      | <u>134,376</u>      |
|   | 618,160             | 270,687             |
| Changes in non-cash operating working capital items                   |                     |                     |
| Amounts receivable  | (160,413)           | 1,076,603           |
| Prepaid expenses  | 19,137              | 5,241               |
| Donations-in-kind   | (940,277)           | 1,392,078           |
| Accounts payable and accrued liabilities                              | 763,267             | (51,480)            |
| Funds held for projects   | 1,040,277           | (2,544,284)         |
| Gift annuities  | (143,138)           | (379,998)           |
| Trust agreements  | (196,788)           | (9,934)             |
| Deferred income   | <u>10,275</u>       | <u>(65,317)</u>     |
|   | 1,010,500           | (306,404)           |
| <b>Investing activities</b>   |                     |                     |
| Purchase of capital assets  | <u>(271,646)</u>    | <u>(150,750)</u>    |
| <b>INCREASE/(DECREASE) IN CASH AND<br/>EQUIVALENTS FOR THE PERIOD</b> | 738,854             | (457,154)           |
| <b>Cash and equivalents, beginning of the period</b>                  | <u>8,064,508</u>    | <u>8,521,662</u>    |
| <b>CASH AND EQUIVALENTS, END OF THE PERIOD</b>                        | <u>\$ 8,803,362</u> | <u>\$ 8,064,508</u> |

**CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada**  
**Notes to the Financial Statements**  
**Year ended June 30, 2014**

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**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 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.

*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**  
**Year ended June 30, 2014**

**2 Summary of significant accounting policies (continued)**

*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.

**3 Interfund transfer**

During the period, the following interfund transfer was made:

|                            | <u>Operating<br/>Fund</u> | <u>Restricted<br/>Fund</u> | <u>Capital<br/>Fund</u> |
|----------------------------|---------------------------|----------------------------|-------------------------|
| Purchase of capital assets | \$ (271,646)              | \$ -                       | \$ 271,646              |

**4 Capital assets**

|                               | <u>2014</u>         |                                     |                           | <u>2013</u>               |
|-------------------------------|---------------------|-------------------------------------|---------------------------|---------------------------|
|                               | <u>Cost</u>         | <u>Accumulated<br/>Amortization</u> | <u>Net Book<br/>Value</u> | <u>Net Book<br/>Value</u> |
| Land                          | \$ 403,000          | \$ -                                | \$ 403,000                | \$ 377,000                |
| Building                      | 1,345,587           | 301,467                             | 1,044,120                 | 956,746                   |
| Solar equipment               | 66,367              | 9,955                               | 56,412                    | 59,730                    |
| Furniture and other equipment | 236,788             | 199,208                             | 37,580                    | 26,912                    |
| Computer equipment            | 634,779             | 566,139                             | 68,640                    | 61,472                    |
|                               | <u>\$ 2,686,521</u> | <u>\$ 1,076,769</u>                 | <u>\$ 1,609,752</u>       | <u>\$ 1,481,860</u>       |



**CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada**  
**Notes to the Financial Statements**  
**Year ended June 30, 2014**

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**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 2014 awaiting transmission in the 2015 fiscal year on budgeted projects amounted to \$5,363,188 as at June 30, 2014 (\$4,322,911 in 2013 on 2014 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:

|  | <u>2014</u>         | <u>2013</u>         |
|--|---------------------|---------------------|
| Endowments, the income from which must be used for overseas programs | \$ 2,278,756        | \$ 2,273,730        |
| Unrealized gains on Endowment Fund resources                         | <u>349,092</u>      | <u>102,993</u>      |
|  | <u>\$ 2,627,848</u> | <u>\$ 2,376,723</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, 2014.

## **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, 2014.

### *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, 2014**

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**10 Allocation of expenses**

a) Fundraising expenses

Fundraising expenses are stated after allocation of the following amounts:

|                                    | <u>2014</u>         | <u>2013</u>         |
|------------------------------------|---------------------|---------------------|
| International programs             | \$ 68,150           | \$ 65,845           |
| Canadian programs and education    | 1,053,098           | 1,114,443           |
| General and administrative support | <u>68,116</u>       | <u>69,352</u>       |
|                                    | <u>\$ 1,189,364</u> | <u>\$ 1,249,640</u> |

b) General and administrative support expenses

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

|                                 | <u>2014</u>         | <u>2013</u>         |
|---------------------------------|---------------------|---------------------|
| International programs          | \$ 346,169          | \$ 382,251          |
| Canadian programs and education | 695,747             | 698,561             |
| Fundraising                     | <u>371,926</u>      | <u>210,204</u>      |
|                                 | <u>\$ 1,413,842</u> | <u>\$ 1,291,016</u> |