

Consolidated Financial Statements of
CHRISTIAN BLIND MISSION INTERNATIONAL
o/a cbm Canada

June 30, 2016

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 consolidated financial statements of CHRISTIAN BLIND MISSION INTERNATIONAL, which comprise the consolidated statement of financial position as at June 30, 2016, 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, 2016, 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
September 24, 2016

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
 Consolidated Statement of Financial Position
 As at June 30, 2016

	2016						2015
	Operating Fund	Restricted Fund	Capital Fund	Total	NIA	Consolidated	Total
ASSETS							
Current							
Cash and investments	\$ 4,150,371	\$ 4,335,828	\$ -	\$ 8,486,199	\$ 1,234,675	\$ 9,720,874	\$ 11,078,169
Amounts receivable	2,397,004	-	-	2,397,004	209,667	2,606,671	348,671
Prepaid expenses	9,372	-	-	9,372	-	9,372	31,457
	<u>6,556,747</u>	<u>4,335,828</u>	<u>-</u>	<u>10,892,575</u>	<u>1,444,342</u>	<u>12,336,917</u>	<u>11,458,297</u>
Donations-in-kind	3,306,875	-	-	3,306,875	-	3,306,875	805,287
Capital assets (Note 4)	-	-	1,647,794	1,647,794	-	1,647,794	1,622,182
	<u>\$ 9,863,622</u>	<u>\$ 4,335,828</u>	<u>\$ 1,647,794</u>	<u>\$ 15,847,244</u>	<u>\$ 1,444,342</u>	<u>\$ 17,291,586</u>	<u>\$ 13,885,766</u>
LIABILITIES AND FUND BALANCES							
Current							
Accounts payable and accrued liabilities	\$ 756,023	\$ -	\$ -	\$ 756,023	\$ 101,253	\$ 857,276	\$ 714,666
Funds held for projects (Note 5)	8,806,875	-	-	8,806,875	-	8,806,875	6,385,199
	<u>9,562,898</u>	<u>-</u>	<u>-</u>	<u>9,562,898</u>	<u>101,253</u>	<u>9,664,151</u>	<u>7,099,865</u>
Non-current							
Annuities and trusts							
Gift annuities	-	962,388	-	962,388	-	962,388	1,149,000
Trust agreements	-	82,921	-	82,921	-	82,921	258,814
Deferred income	-	893,735	-	893,735	225,000	1,118,735	936,303
	<u>-</u>	<u>1,939,044</u>	<u>-</u>	<u>1,939,044</u>	<u>225,000</u>	<u>2,164,044</u>	<u>2,344,117</u>
	<u>9,562,898</u>	<u>1,939,044</u>	<u>-</u>	<u>11,501,942</u>	<u>326,253</u>	<u>11,828,195</u>	<u>9,443,982</u>
Fund Balances							
Invested in capital assets	-	-	1,647,794	1,647,794	-	1,647,794	1,622,182
Externally Restricted (Note 6)	-	2,396,784	-	2,396,784	60,000	2,456,784	2,415,104
Unrestricted	300,724	-	-	300,724	1,058,089	1,358,813	404,498
	<u>300,724</u>	<u>2,396,784</u>	<u>1,647,794</u>	<u>4,345,302</u>	<u>1,118,089</u>	<u>5,463,391</u>	<u>4,441,784</u>
	<u>\$ 9,863,622</u>	<u>\$ 4,335,828</u>	<u>\$ 1,647,794</u>	<u>\$ 15,847,244</u>	<u>\$ 1,444,342</u>	<u>\$ 17,291,586</u>	<u>\$ 13,885,766</u>

Approved by the Board of Directors




CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Consolidated Statement of Operations
Year ended June 30, 2016

	2016						2015
	Operating Fund	Restricted Fund	Capital Fund	Total	NIA	Consolidated	Total
REVENUE							
Contributions	\$ 10,121,110	\$ -	\$ -	\$ 10,121,110	\$ 50,000	\$ 10,171,110	\$ 10,886,452
Donations-in-kind	7,860,613	-	-	7,860,613	-	7,860,613	8,596,927
Bequests - designated	378,979	-	-	378,979	-	378,979	714,238
- undesignated	1,400,558	-	-	1,400,558	-	1,400,558	1,073,497
Endowment income	88,726	(18,320)	-	70,406	-	70,406	116,586
Annuity and trust income	303,554	-	-	303,554	-	303,554	257,573
Grants - Institutional	-	-	-	-	1,588,428	1,588,428	801,338
Investment income	30,958	-	-	30,958	-	30,958	38,039
Other	57,089	-	-	57,089	-	57,089	32,250
	<u>20,241,587</u>	<u>(18,320)</u>	<u>-</u>	<u>20,223,267</u>	<u>1,638,428</u>	<u>21,861,695</u>	<u>22,516,900</u>
EXPENDITURE							
International Programs							
Prevention	2,225,848	-	-	2,225,848	-	2,225,848	3,335,051
Cure	2,921,425	-	-	2,921,425	-	2,921,425	2,762,552
Care	8,764,276	-	-	8,764,276	171,261	8,935,537	10,745,760
	<u>13,911,549</u>	<u>-</u>	<u>-</u>	<u>13,911,549</u>	<u>171,261</u>	<u>14,082,810</u>	<u>16,843,363</u>
Canadian Programs							
Educational and Spiritual including Talking Book Library	1,895,617	-	-	1,895,617	-	1,895,617	1,698,835
	<u>15,807,166</u>	<u>-</u>	<u>-</u>	<u>15,807,166</u>	<u>171,261</u>	<u>15,978,427</u>	<u>18,542,198</u>
Supporting Ministries							
Fundraising / marketing (Note 10)	3,062,214	-	-	3,062,214	-	3,062,214	2,539,619
General and Administrative Support (Note 10)	1,299,489	-	-	1,299,489	349,078	1,648,567	1,271,240
Amortization	-	-	150,880	150,880	-	150,880	110,030
	<u>4,361,703</u>	<u>-</u>	<u>150,880</u>	<u>4,512,583</u>	<u>349,078</u>	<u>4,861,661</u>	<u>3,920,889</u>
	<u>20,168,869</u>	<u>-</u>	<u>150,880</u>	<u>20,319,749</u>	<u>520,339</u>	<u>20,840,088</u>	<u>22,463,087</u>
Excess (deficiency) of revenue over expenditure before interfund transfers	72,718	(18,320)	(150,880)	(96,482)	1,118,089	1,021,607	53,813
Interfund transfer during the period (Note 3)	(176,492)	-	176,492	-	-	-	-
Intercompany transfer during the period	362,269	-	-	362,269	(362,269)	-	-
Consolidated excess of revenue over expenditure for the period	\$ <u>258,495</u>	\$ <u>(18,320)</u>	\$ <u>25,612</u>	\$ <u>265,787</u>	\$ <u>755,820</u>	\$ <u>1,021,607</u>	\$ <u>53,813</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Consolidated Statement of Changes in Fund Balances
Year ended June 30, 2016

	2016						2015
	Operating Fund	Restricted Fund	Capital Fund	Total	NIA	Consolidated	Total
Fund balances, beginning of the period	\$ 404,498	\$ 2,415,104	\$ 1,622,182	\$ 4,441,784	\$ -	\$ 4,441,784	\$ 4,387,971
Consolidated excess of revenue over expenditure for the period	258,495	(18,320)	25,612	265,787	755,820	1,021,607	53,813
Add back intercompany transactions	(362,269)	-	-	(362,269)	362,269	-	-
FUND BALANCES, END OF THE PERIOD	<u>\$ 300,724</u>	<u>\$ 2,396,784</u>	<u>\$ 1,647,794</u>	<u>\$ 4,345,302</u>	<u>\$ 1,118,089</u>	<u>\$ 5,463,391</u>	<u>\$ 4,441,784</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Consolidated Statement of Cash Flows
Year ended June 30, 2016

	2016		2015	
CASH PROVIDED BY (USED IN):	<u>cbm Canada</u>	<u>NIA</u>	<u>Consolidated</u>	
Operating activities				
Consolidated excess of revenue over expenditure for the period	\$ 265,787	\$ 755,820	\$ 1,021,607	\$ 53,813
Items not affecting cash				
Amortization of capital assets	150,880	-	150,880	110,030
Intercompany Transactions	<u>(362,269)</u>	<u>362,269</u>	<u>-</u>	<u>-</u>
	54,398	1,118,089	1,172,487	163,843
Changes in non-cash operating working capital items				
Amounts receivable	(2,048,333)	(209,667)	(2,258,000)	745,550
Prepaid expenses	22,085	-	22,085	(24,341)
Donations-in-kind	(2,501,588)	-	(2,501,588)	1,157,901
Accounts payable and accrued liabilities	41,357	101,253	142,610	(318,009)
Funds held for projects	2,421,676	-	2,421,676	1,022,011
Gift annuities	(186,612)	-	(186,612)	(711,781)
Trust agreements	(175,893)	-	(175,893)	(1,331)
Deferred income	<u>(42,568)</u>	<u>225,000</u>	<u>182,432</u>	<u>363,424</u>
	(2,415,478)	1,234,675	(1,180,803)	2,397,267
Investing activities				
Purchase of capital assets	<u>(176,492)</u>	<u>-</u>	<u>(176,492)</u>	<u>(122,460)</u>
INCREASE/(DECREASE) IN CASH AND EQUIVALENTS FOR THE PERIOD	(2,591,970)	1,234,675	(1,357,295)	2,274,807
Cash and equivalents, beginning of the period	<u>11,078,169</u>	<u>-</u>	<u>11,078,169</u>	<u>8,803,362</u>
CASH AND EQUIVALENTS, END OF THE PERIOD	<u>\$ 8,486,199</u>	<u>\$ 1,234,675</u>	<u>\$ 9,720,874</u>	<u>\$ 11,078,169</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Notes to the Financial Statements
Year ended June 30, 2016

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 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 and present the assets, liabilities, fund balances, revenue, expenses and cash flows of the Mission and its controlled entities.

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

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.

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 Fund</u>	<u>Restricted Fund</u>	<u>Capital Fund</u>	<u>NIA</u>
Purchase of capital assets	\$ (176,492)	\$ -	\$ 176,492	\$

4 Capital assets

	<u>2016</u>			<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 407,531	\$ -	\$ 407,531	\$ 407,531
Building	1,464,386	398,478	1,065,908	1,096,261
Solar equipment	66,367	16,592	49,775	53,094
Furniture and other equipment	244,998	234,442	10,556	23,717
Computer equipment	810,401	696,377	114,024	41,579
	<u>\$ 2,993,683</u>	<u>\$ 1,345,889</u>	<u>\$ 1,647,794</u>	<u>\$ 1,622,182</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Notes to the Financial Statements
Year ended June 30, 2016

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 2016 awaiting transmission in the 2017 fiscal year on budgeted projects amounted to \$8,806,875 as at June 30, 2016 (\$6,385,199 in 2015 on 2016 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>2016</u>	<u>2015</u>
Endowments, the income from which must be used for overseas programs	\$ 2,289,230	\$ 2,284,300
Unrealized gains on Endowment Fund resources	<u>107,554</u>	<u>130,804</u>
	<u>\$ 2,396,784</u>	<u>\$ 2,415,104</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, 2016.

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, 2016.

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, 2016

10 Allocation of expenses

a) Fundraising expenses

Fundraising expenses are stated after allocation of the following amounts:

	<u>2016</u>	<u>2015</u>
International programs	\$ 68,506	\$ 57,070
Canadian programs and education	679,300	858,507
General and administrative support	<u>75,056</u>	<u>63,048</u>
	<u>\$ 822,862</u>	<u>\$ 978,625</u>

b) General and administrative support expenses

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

	<u>2016</u>	<u>2015</u>
International programs	\$ 333,643	\$ 315,551
Canadian programs and education	520,373	493,135
Fundraising	<u>747,684</u>	<u>713,019</u>
	<u>\$ 1,601,700</u>	<u>\$ 1,521,705</u>