

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

2018 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, 2018, 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, 2018, 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.



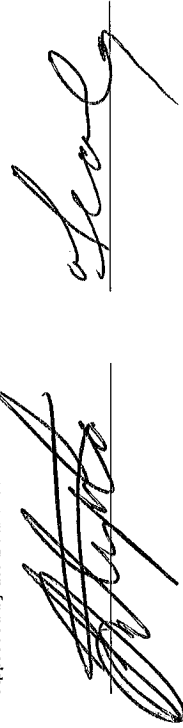
Chartered Accountants
Licensed Public Accountants

North York, Ontario
November 17, 2018

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
 Consolidated Statement of Financial Position
 As at June 30, 2018

	2018				2017				
	Operating Fund	Restricted Fund	Capital Fund	Total	NIA (Note 2)	cbm US (Note 2)	Elimination	Consolidated	Consolidated
ASSETS									
Current									
Cash	\$ 1,104,804	\$ 46,238	\$ -	\$ 1,151,042	\$ 295,511	\$ 902,125	\$ -	\$ 2,348,678	\$ 4,541,337
Investments	130,003	4,068,733	-	4,198,736	-	6,383,553	-	10,582,289	8,670,557
Amounts receivable	262,074	-	-	262,074	-	702,099	(59,169)	905,004	1,304,839
Project Advance	856,603	-	-	856,603	-	-	-	856,603	1,209,600
Prepaid expenses	3,381	-	-	3,381	-	-	-	3,381	8,351
Donations-in-kind	2,356,865	4,114,971	-	6,471,836	295,511	7,987,777	(59,169)	14,695,955	15,734,684
Capital assets (Note 5)	2,066,363	-	-	2,066,363	-	569,924	-	2,636,287	4,262,037
	-	-	1,472,602	1,472,602	-	-	-	1,472,602	1,603,678
	4,423,228	4,114,971	1,472,602	10,010,801	295,511	8,557,701	(59,169)	18,804,844	21,600,399
LIABILITIES AND FUND BALANCES									
Current									
Accounts payable and accrued liabilities	\$ 285,529	\$ -	\$ -	\$ 285,529	\$ 57,385	\$ 142,067	\$ -	\$ 425,812	\$ 763,383
Current portion of Annuity liability	-	130,195	-	130,195	-	-	-	130,195	-
	285,529	130,195	-	415,724	57,385	142,067	(59,169)	556,007	763,383
Non-current									
Annuities and trusts	-	-	-	-	-	-	-	-	-
Gift annuities	-	827,183	-	827,183	-	-	-	827,183	834,485
Trust agreements	-	84,396	-	84,396	-	149,224	-	233,620	248,810
Deferred income	-	496,495	-	496,495	-	777,543	-	1,274,038	1,398,938
Payable to affiliate	-	-	-	-	-	240,579	-	240,579	-
	-	1,408,074	-	1,408,074	-	1,167,346	-	2,575,420	2,482,233
Fund Balances	285,529	1,538,269	-	1,823,798	57,385	1,309,413	(59,169)	3,131,427	3,245,616
Invested in capital assets	-	-	1,472,602	1,472,602	-	-	-	1,472,602	1,603,678
Externally Restricted (Note 6)	-	2,576,702	-	2,576,702	-	(65,410)	-	2,511,293	2,404,252
Unrestricted (Note 11)	4,137,699	-	-	4,137,699	238,126	7,187,951	-	11,563,776	14,557,657
Cumulative translation adjustment	-	-	-	-	-	125,747	-	125,747	(210,805)
	4,137,699	2,576,702	1,472,602	8,187,003	238,126	7,248,288	-	15,673,418	18,354,783
	4,423,228	4,114,971	1,472,602	10,010,801	295,511	8,557,701	(59,169)	18,804,844	21,600,399

Approved by the Board of Directors



CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Consolidated Statement of Operations
Year ended June 30, 2018

	2018							2017	
	Operating Fund	Restricted Fund	Capital Fund	Total	NIA (Note 2)	cbm US (Note 2)	Elimination	Consolidated	Consolidated
REVENUE									
Contributions	\$ 11,231,008	\$ -	\$ -	\$ 11,231,008	\$ -	1,820,395	\$ -	\$ 13,051,403	\$ 11,925,462
Donations-in-kind	13,733,700	-	-	13,733,700	-	188,488,873	-	202,222,573	118,563,812
Bequests - designated	(10,686)	-	-	(10,686)	-	-	-	(10,686)	118,774
- undesignated	1,177,227	-	-	1,177,227	-	-	-	1,177,227	1,110,277
Endowment income	52,853	99,102	-	151,955	-	-	-	151,955	169,608
Annuity and trust income	240,813	-	-	240,813	-	-	-	240,813	269,251
Grants - Institutional	-	-	-	-	-	2,153,547	-	2,153,547	838,508
Other grants	250,000	-	-	250,000	527,218	-	(400,000)	377,218	-
Investment income	4,092	-	-	4,092	-	502,178	-	506,270	352,115
Other	26,800	-	-	26,800	(3,838)	1,922	-	24,884	341,031
	<u>26,705,807</u>	<u>99,102</u>	<u>-</u>	<u>26,804,909</u>	<u>523,380</u>	<u>192,966,915</u>	<u>(400,000)</u>	<u>219,895,204</u>	<u>133,688,838</u>
EXPENDITURE									
International Programs									
Prevention	1,374,276	-	-	1,374,276	-	190,895,343	-	192,269,619	106,744,760
Cure	7,652,341	-	-	7,652,341	-	54,078	-	7,706,419	2,986,899
Care	15,459,752	-	-	15,459,752	4,234	243,351	(400,000)	15,307,337	16,684,754
	<u>24,486,369</u>	<u>-</u>	<u>-</u>	<u>24,486,369</u>	<u>4,234</u>	<u>191,192,772</u>	<u>(400,000)</u>	<u>215,283,375</u>	<u>126,416,412</u>
Canadian Programs									
Educational and Spiritual	2,042,526	-	-	2,042,526	-	-	-	2,042,526	1,966,140
	<u>26,528,895</u>	<u>-</u>	<u>-</u>	<u>26,528,895</u>	<u>4,234</u>	<u>191,192,772</u>	<u>(400,000)</u>	<u>217,325,901</u>	<u>128,382,552</u>
Supporting Ministries									
Fundraising / marketing	2,642,556	-	-	2,642,556	-	398,656	-	3,041,212	4,142,318
General and Administrative Support (Note 10)	1,226,319	-	-	1,226,319	522,945	426,966	-	2,176,230	2,599,349
Amortization	-	-	158,974	158,974	-	-	-	158,974	158,294
	<u>3,868,875</u>	<u>-</u>	<u>158,974</u>	<u>4,027,849</u>	<u>522,945</u>	<u>825,622</u>	<u>-</u>	<u>5,376,416</u>	<u>6,899,961</u>
	<u>30,397,770</u>	<u>-</u>	<u>158,974</u>	<u>30,556,744</u>	<u>527,179</u>	<u>192,018,395</u>	<u>(400,000)</u>	<u>222,702,318</u>	<u>135,282,513</u>
Excess of revenue over expenditure for the period	<u>\$ (3,691,963)</u>	<u>\$ 99,102</u>	<u>\$ (158,974)</u>	<u>\$ (3,751,835)</u>	<u>\$ (3,799)</u>	<u>\$ 948,521</u>	<u>\$ -</u>	<u>\$ (2,807,113)</u>	<u>\$ (1,593,676)</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Consolidated Statement of Changes in Fund Balances
Year ended June 30, 2018

	2018						2017
	<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>
Fund balances, beginning of the period	\$ 7,857,560	\$ 2,477,600	\$ 1,603,678	\$ 11,938,838	\$ 241,925	6,174,021	\$ 18,354,784
Excess of revenue over expenditure for the period	(3,691,963)	99,102	(158,974)	(3,751,835)	(3,799)	948,521	(2,807,113)
Interfund transfer during the period (Note 4)	(27,898)	-	27,898	-	-	-	-
Change in cumulative translation adjustment						125,747	125,747
FUND BALANCES, END OF THE PERIOD	<u>\$ 4,137,699</u>	<u>\$ 2,576,702</u>	<u>\$ 1,472,602</u>	<u>\$ 8,187,003</u>	<u>\$ 238,126</u>	<u>\$ 7,248,288</u>	<u>\$ 15,673,418</u>
							<u>\$ 18,354,783</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Consolidated Statement of Cash Flows
Year ended June 30, 2018

	2018				2017
	<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	\$ (3,751,835)	\$ (3,799)	\$ 948,521	\$ (2,807,113)	\$ (1,593,676)
Items not affecting cash					
Amortization of capital assets	158,974	-	-	158,974	158,294
Cumulative translation adjustment		-	125,747	125,747	(210,805)
	<u>(3,592,861)</u>	<u>(3,799)</u>	<u>1,074,268</u>	<u>(2,522,392)</u>	<u>(1,646,187)</u>
Changes in non-cash operating working capital items					
Amounts receivable	218,339		369,983	588,322	(41,566)
Project Advance	352,997		-	352,997	903,275
Prepaid expenses	2,313		2,658	4,971	10,420
Donations-in-kind	2,129,525		(503,775)	1,625,750	(886,719)
Accounts payable and accrued liabilities	(1,907)	(24,094)	(500,057)	(526,058)	(187,467)
Current portion of Annuity liability	130,195		-	130,195	-
Gift annuities	(797)		-	(797)	(127,903)
Trust agreements	622		(15,813)	(15,191)	(5,412)
Payable to affiliate			240,579	240,579	
Deferred income	(281,691)		156,791	(124,900)	(790,861)
	<u>(1,043,265)</u>	<u>(27,893)</u>	<u>824,633</u>	<u>(246,525)</u>	<u>(2,772,420)</u>
Investing activities					
Purchase of investments			(1,918,236)	(1,918,236)	
Purchase of capital assets - net	(27,898)	-		(27,898)	(112,079)
INCREASE/(DECREASE) IN CASH AND EQUIVALENTS FOR THE PERIOD	<u>(1,071,163)</u>	<u>(27,893)</u>	<u>(1,093,603)</u>	<u>(2,192,658)</u>	<u>(2,884,499)</u>
Cash and equivalents, beginning of the period	<u>2,222,205</u>	<u>323,404</u>	<u>1,995,728</u>	<u>4,541,337</u>	<u>7,425,836</u>
CASH AND EQUIVALENTS, END OF THE PERIOD	<u>\$ 1,151,042</u>	<u>\$ 295,511</u>	<u>\$ 902,125</u>	<u>\$ 2,348,678</u>	<u>\$ 4,541,337</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Notes to the Financial Statements
Year ended June 30, 2018

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 sole 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.

Effective October 1st 2018, The Mission has agreed to transfer its rights and duties as cbm US' sole member to Christoffel-Blindenmission Deutschland e.V.

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

In the prior 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 resulted in an increase to the beginning fund balance of \$8,806,875 in the prior year.

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Notes to the Financial Statements
Year ended June 30, 2018

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	\$ (27,898)	\$ -	\$ 27,898

5 Capital assets

	<u>2018</u>			<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 377,000	\$ -	\$ 377,000	\$ 377,000
Building	1,484,932	497,152	987,780	1,027,653
Solar equipment	66,367	23,229	43,138	46,457
Furniture and other equipment	267,954	255,336	12,618	5,821
Computer equipment	939,506	887,441	52,065	146,747
	<u>\$ 3,135,759</u>	<u>\$ 1,663,158</u>	<u>\$ 1,472,601</u>	<u>\$ 1,603,678</u>

CHRISTIAN BLIND MISSION INTERNATIONAL o/a cbm Canada
Notes to the Financial Statements
Year ended June 30, 2018

6 Externally restricted fund balances

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

	<u>2018</u>	<u>2017</u>
Endowments, the income from which must be used for overseas programs	\$ 2,303,249	\$ 2,294,551
Unrealized gains on Endowment Fund resources	<u>273,453</u>	<u>183,048</u>
	<u>\$ 2,576,702</u>	<u>\$ 2,477,599</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 \$800,000 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, 2018.

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, 2018.

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, 2018

10 Allocation of expenses

General and administrative support expenses

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

	<u>2018</u>		<u>2017</u>
International programs	\$ 361,835	\$	328,015
Education	58,174		50,189
Fundraising	<u>66,569</u>		<u>87,886</u>
	<u>\$ 486,577</u>	\$	<u>466,091</u>

11 Unrestricted fund balance

The Mission has approved and committed to fund 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. Expenses for these projects are recognized once the Mission has received evidence confirming financial and administrative direction and control which will be released from the unrestricted fund balance. The expected remaining funding commitment to these projects amounts to \$3,145,081. Included in this amount is \$856,603 which represents project advances to be released from the unrestricted fund balance.