



Financial Statements

Hope and Healing International (formerly
Christian Blind Mission International) (Note 1)

June 30, 2019

Contents

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Operations	3
Consolidated Statement of Fund Balances	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 12

Independent Auditor's Report

To the members of
Hope and Healing International (formerly Christian Blind Mission International)

Opinion

We have audited the consolidated financial statements of **Hope and Healing International** (formerly Christian Blind Mission International) (the "Organization"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations, fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Hope and Healing International** (formerly Christian Blind Mission) as at June 30, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Markham, Canada
November 23, 2019

Chartered Professional Accountants
Licensed Public Accountants

Hope and Healing International (formerly Christian Blind Mission International) (Note 1)

Consolidated Statement of Operations

Year ended June 30

	Operating Fund	Restricted Fund	Capital Fund	NIA	2019 Consolidated	2018 Consolidated
Revenue						
Contributions	\$ 11,318,325	\$ -	\$ -	\$ -	\$ 11,318,325	\$ 11,231,008
Donations-in-kind	14,337,854	-	-	-	14,337,854	13,733,700
Bequests - designated	-	-	-	-	-	(10,686)
- undesignated	1,992,178	-	-	-	1,992,178	1,177,227
Endowment income	104,056	60,267	-	-	164,323	151,955
Annuity and trust income	524,002	-	-	-	524,002	240,813
Sales	-	-	-	53,600	53,600	-
Grants	-	-	-	13,013	13,013	377,218
Investment income	26,771	-	-	-	26,771	4,092
Other	27,375	-	-	1,352	28,727	22,962
	<u>28,330,561</u>	<u>60,267</u>	<u>-</u>	<u>67,965</u>	<u>28,458,793</u>	<u>26,928,289</u>
Expenditure						
International Programs	22,168,946	-	-	364,929	22,533,875	24,090,603
Canadian Programs - Educational and Spiritual	2,271,692	-	-	-	2,271,692	2,042,526
	<u>24,440,638</u>	<u>-</u>	<u>-</u>	<u>364,929</u>	<u>24,805,567</u>	<u>26,133,129</u>
Supporting Ministries						
Fundraising/marketing	3,162,904	-	-	-	3,162,904	2,642,556
General and Administrative - Support (Note 9)	1,124,096	-	-	146,238	1,270,334	1,749,264
Amortization	-	-	125,396	-	125,396	158,974
	<u>4,287,000</u>	<u>-</u>	<u>125,396</u>	<u>146,238</u>	<u>4,558,634</u>	<u>4,550,794</u>
	<u>28,727,638</u>	<u>-</u>	<u>125,396</u>	<u>511,167</u>	<u>29,364,201</u>	<u>30,683,923</u>
(Deficiency) excess of revenue over expenditure before transfers and discontinued operations	(397,077)	60,267	(125,396)	(443,202)	(905,408)	(3,755,634)
Grant to NIA	(303,800)	-	-	303,800	-	-
(Deficiency) excess of revenue over expenditure before discontinued operations	(700,877)	60,267	(125,396)	(139,402)	(905,408)	(3,755,634)
Excess of revenue over expenditures on CBM US (Note 3)	230,077	-	-	-	230,077	948,521
Loss on disposal of CBM US (Note 3)	(7,352,618)	-	-	-	(7,352,618)	-
	<u>(7,122,541)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,122,541)</u>	<u>948,521</u>
(Deficiency) excess of revenue over expenditures	<u>\$ (7,823,418)</u>	<u>\$ 60,267</u>	<u>\$ (125,396)</u>	<u>\$ (139,402)</u>	<u>\$ (8,027,949)</u>	<u>\$ (2,807,113)</u>

See accompanying notes and schedule to the financial statements.

Hope and Healing International (formerly Christian Blind Mission International) (Note 1)

Consolidated Statement of Fund Balances

Year ended June 30

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Capital Fund</u>	<u>NIA</u>	<u>2019</u> <u>Consolidated</u>	<u>2018</u> <u>Consolidated</u>
Fund balance, beginning of period	\$ 11,385,988	\$ 2,576,702	\$ 1,472,602	\$ 238,126	\$ 15,673,418	\$ 18,354,784
Excess (deficiency) of revenue over expenditure for the period	(700,877)	60,267	(125,396)	(139,402)	(905,408)	(2,807,113)
Loss on discontinued operations (Note 3)	(7,122,541)	-	-	-	(7,122,541)	-
Interfund transfers during the period	(192,987)	-	192,987	-	-	-
Change in cumulative translation adjustment	(125,747)	-	-	-	(125,747)	125,747
Fund balance, end of period	<u>\$ 3,243,836</u>	<u>\$ 2,636,969</u>	<u>\$ 1,540,193</u>	<u>\$ 98,724</u>	<u>\$ 7,519,722</u>	<u>\$ 15,673,418</u>

See accompanying notes and schedule to the financial statements.

Hope and Healing International (formerly Christian Blind Mission International) (Note 1)

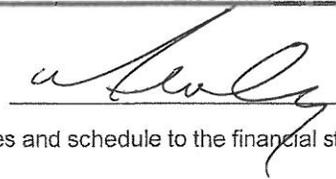
Consolidated Statement of Financial Position

As at June 30, 2019

	2019				2018	
	Operating Fund	Restricted Fund	Capital Fund	NIA	Consolidated	Consolidated
Assets						
Current						
Cash	\$ 2,200,468	\$ 50,824	\$ -	\$ 145,379	\$ 2,396,671	\$ 2,348,678
Investments	48,655	3,852,180	-	-	3,900,835	10,582,289
Accounts receivable	165,652	-	-	-	165,652	905,004
Project advance	814,009	-	-	-	814,009	856,603
Prepaid expenses	15,581	-	-	-	15,581	3,381
	<u>3,244,365</u>	<u>3,903,004</u>	<u>-</u>	<u>145,379</u>	<u>7,292,748</u>	<u>14,695,955</u>
Donations-in-kind	399,366	-	-	-	399,366	2,636,287
Capital assets (Note 4)	-	-	1,540,193	-	1,540,193	1,472,602
	<u>\$ 3,643,731</u>	<u>\$ 3,903,004</u>	<u>\$ 1,540,193</u>	<u>\$ 145,379</u>	<u>\$ 9,232,307</u>	<u>\$ 18,804,844</u>
Liabilities						
Current						
Account payable and accrued liabilities	\$ 399,895	\$ -	\$ -	\$ 46,655	\$ 446,550	\$ 425,812
Current portion of annuity liability	-	117,158	-	-	117,158	130,195
	<u>399,895</u>	<u>117,158</u>	<u>-</u>	<u>46,655</u>	<u>563,708</u>	<u>556,007</u>
Annuities and trusts (Note 6)						
Gift annuities	-	605,936	-	-	605,936	827,183
Trust agreements	-	79,406	-	-	79,406	233,619
Deferred income	-	463,535	-	-	463,535	1,274,038
Payable to affiliate	-	-	-	-	-	240,579
	<u>-</u>	<u>1,148,877</u>	<u>-</u>	<u>-</u>	<u>1,148,877</u>	<u>2,575,419</u>
	<u>399,895</u>	<u>1,266,035</u>	<u>-</u>	<u>46,655</u>	<u>1,712,585</u>	<u>3,131,426</u>
Fund Balances-						
Invested in capital assets	-	-	1,540,193	-	1,540,193	1,472,602
Externally Restricted (Note 5)	-	2,636,969	-	-	2,636,969	2,511,293
Unrestricted (Note 10)	3,243,836	-	-	98,724	3,342,560	11,563,776
Cumulative translation adjustment	-	-	-	-	-	125,747
	<u>3,243,836</u>	<u>2,636,969</u>	<u>1,540,193</u>	<u>98,724</u>	<u>7,519,722</u>	<u>15,673,418</u>
	<u>\$ 3,643,731</u>	<u>\$ 3,903,004</u>	<u>\$ 1,540,193</u>	<u>\$ 145,379</u>	<u>\$ 9,232,307</u>	<u>\$ 18,804,844</u>

On behalf of the Board

 Jonathan Liteplo, Board Chair

 Wayne Feasby, Treasurer

See accompanying notes and schedule to the financial statements.

**Hope and Healing International (formerly Christian Blind
Mission International) (Note 1)**
Consolidated Statement of Cash Flows

Year ended June 30

	<u>2019</u>	<u>2018</u>
Increase (decrease) in cash		
Operating		
Deficiency of revenue over expenditures for the period	\$ (905,408)	\$(2,807,113)
Items not affecting cash		
Loss on disposal of CBM US	(7,122,541)	-
Cumulative translation adjustment	(125,747)	125,747
Amortization of capital assets	<u>125,396</u>	<u>158,974</u>
	(8,028,300)	(2,522,392)
Change in non-cash operating working capital items		
Accounts receivable	739,352	588,322
Project Advance	42,594	352,997
Prepaid expenses	(12,200)	4,971
Donations-in-kind	2,236,921	1,625,750
Accounts payable and accrued liabilities	20,738	(526,059)
Current portion and annuity liability	(13,037)	130,195
Gift annuities	(221,247)	(797)
Trust agreements	(154,213)	(15,191)
Payable to affiliate	(240,579)	240,579
Deferred income	<u>(810,503)</u>	<u>(124,900)</u>
	(6,440,474)	(246,525)
Investing		
Net Change in investments	6,681,454	(1,918,236)
Purchase of capital assets	<u>(192,987)</u>	<u>(27,898)</u>
	6,488,467	(1,946,134)
Net increase (decrease) in cash	47,993	(2,192,659)
Cash, beginning of period	<u>2,348,678</u>	<u>4,541,337</u>
Cash, end of period	<u>\$ 2,396,671</u>	<u>\$ 2,348,678</u>

Hope and Healing International (formerly Christian Blind Mission International) (Note 1)

Notes to the Consolidated Financial Statements

June 30, 2019

1. Nature of operations

Hope and Healing International (the "Organization") 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. During the year, the Organization changed its name from Christian Blind Mission (o/a cbm Canada) to Hope and Healing International pursuant to articles of amendment filed on March 31, 2019.

Hope and Healing International is an international Christian development organization, committed to bringing hope, 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 Hope and Healing International and its controlled entities.

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

The Organization took over control of Christian Blind Mission International Inc o/a cbm USA ("cbm US") effective January 1, 2017 in which it was the sole member. Effective October 1st 2018, the Organization transferred its rights and duties as cbm US' sole member to Christoffel-Blindenmission Deutschland e.V. and as such, no longer controls cbm US (Note 3). Revenue and expenditures prior to the change in control have been translated using an average monthly rate.

Fund accounting

The Organization adopted the restricted fund method of accounting for contributions. The operating fund reports the activity related to the operations and administration of the Organization. The restricted fund reports the activity related to the planned giving operations of the Organization for which contributions have been externally restricted by the donor. The capital fund reports the activity related to the capital assets of the Organization. The NIA fund reports the activity related to NIA Technologies Inc.

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 Organization. When distributed, donations-in-kind are expensed; and the asset is written off.

Hope and Healing International (formerly Christian Blind Mission International) (Note 1)

Notes to the Consolidated Financial Statements

June 30, 2019

2. Summary of significant accounting policies (continued)

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 Organization 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 management 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 management's best estimates as additional information becomes available in the future.

Allocation of Expenses

The Organization engages in international programs, Canadian programs and education, as well as fundraising programs. The Organization 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:

- Facilities costs are allocated proportionately on the basis of office space utilization.
- Human resources, information technology, accounting support service costs and remaining general and administrative support expenses are allocated proportionately on the basis of hours incurred directly in undertaking each function.

Hope and Healing International (formerly Christian Blind Mission International) (Note 1)

Notes to the Consolidated Financial Statements

June 30, 2019

2. Summary of significant accounting policies (continued)

Financial instruments

The Organization's financial instruments are comprised of cash, investments, accounts receivable, accounts payable, gift annuities and trust agreements.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. Financial assets or liabilities obtained in related party transactions are measured at their exchange amount. The Organization subsequently measures all of its financial assets and liabilities at amortized cost, except investments in an active market which are measured at fair value using the closing price at year end.

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down; and the resulting impairment loss is recognized in the statement of operations.

Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any reversal are recognized in the statement of operations.

3. Discontinued operations

Effective October 1, 2018, Hope and Healing International transferred all rights and duties as cbm US' sole member to Christoffel-Blindenmission Deutschland e.V.

The Organization recognized a loss on the change in control in the amount of \$7,122,541 which is included in the statement of operations for the year. The loss on disposal is the closing fund balance of cbm US as \$Nil compensation was received upon change in control. Included in the net loss on discontinued operations is \$230,077 of revenue over expenditures from operations prior to the change in control of cbm US on October 1, 2018.

4. Capital assets

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land	\$ 377,000	\$ -	\$ 377,000	\$ 377,000
Building	1,621,667	551,208	1,070,459	987,780
Solar equipment	66,367	26,546	39,821	43,138
Furniture and other equipment	271,585	260,653	10,932	12,618
Computer equipment	<u>992,127</u>	<u>950,146</u>	<u>41,981</u>	<u>52,066</u>
	<u>\$ 3,328,746</u>	<u>\$ 1,788,554</u>	<u>\$ 1,540,193</u>	<u>\$ 1,472,602</u>

Hope and Healing International (formerly Christian Blind Mission International) (Note 1)

Notes to the Consolidated Financial Statements

June 30, 2019

5. Externally restricted fund balances

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

	<u>2019</u>	<u>2018</u>
Endowments, the income from which must be used for overseas programs	\$ 2,307,377	\$ 2,303,249
Unrealized gains on Endowment Fund resources	<u>329,592</u>	<u>273,453</u>
	<u>\$ 2,636,969</u>	<u>\$ 2,576,702</u>

6. Gift annuities and trust agreements

Gift Annuities

The Organization has entered into irrevocable gift annuity agreements with donors desirous of making a charitable donation to the Organization. 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 Organization and are recorded as income at that time.

Trust Agreements

The Organization 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.

7. Line of credit

A line of credit of up to \$800,000 secured by the Organization's real 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, 2019.

Hope and Healing International (formerly Christian Blind Mission International) (Note 1)

Notes to the Consolidated Financial Statements

June 30, 2019

8. Financial Instruments

Risks and concentrations

The Organization is exposed to various risks through its financial instruments. The Organization's Board of Directors has approved a Statement of Investment Policy that provides the guidelines for managing investments of the Organization. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at June 30, 2019.

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 Organization is exposed to interest rate risk on its fixed income investments. The Organization 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 Organization is exposed to currency risk in holding assets and/or liabilities denominated in currencies other than the Canadian dollar, the Organization'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 Organization is exposed to price risk on its investments in equities. The Organization mitigates this risk through controls to monitor and limit concentration levels.

Other risks

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

9. Allocation of expenses

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

	<u>2019</u>	<u>2018</u>
International programs	\$ 56,172	\$ 361,835
Education	128,171	58,174
Fundraising	<u>210,058</u>	<u>66,569</u>
	<u>\$ 394,401</u>	<u>\$ 486,578</u>

Hope and Healing International (formerly Christian Blind Mission International) (Note 1)

Notes to the Consolidated Financial Statements

June 30, 2019

10. Unrestricted fund balance

The Organization has approved and committed to fund projects in which it will participate and is committed to raise funds for such purposes. The Organization monitors the financial and administration direction and control over the projects throughout the commitment period reporting to the Organization. Expenses for these projects are recognized once the Organization 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 \$2,205,389. Included in this amount is \$814,009 which represents project advances to be released from the unrestricted fund balance.

11. Investments

	<u>2019</u>	<u>2018</u>
Equities		
Domestic	\$ 641,313	\$ 652,187
Foreign	755,921	727,439
Fixed income	2,525,886	2,714,627
Cash and cash equivalents	<u>27,186</u>	<u>107,716</u>
	<u>\$ 3,950,306</u>	<u>\$ 4,201,969</u>

12. Comparative amounts

Certain comparative figures have been adjusted to conform to changes in the current year.