CHRISTIAN AID MINISTRIES OF WATERLOO >

financial statements

>YEAR ENDED MARCH 31, 2023

MAC LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

CHRISTIAN AID MINISTRIES OF WATERLOO>

financial statements

>YEAR ENDED MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Christian Aid Ministries of Waterloo:

Opinion

We have audited the financial statements of Christian Aid Ministries of Waterloo, the "Charity", which comprise the balance sheet as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Charity as at March 31, 2023, and its financial performance 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 Financial Statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the 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 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.

In preparing the financial statements, management is responsible for assessing the Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Charity'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 Charity'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 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 Charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

MAC LLP.

Waterloo Ontario
September 11, 2023

LICENSED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS

CHRISTIAN AID MINISTRIES OF WATERLOO>

statement of financial position

>MARCH 31, 2023

	2023	2022
assets		
current		
Cash	$ 2,667,312	$ 1,775,403
Accounts receivable	98,746	183,206
Inventory (Note 3)	435,356	291,917
Prepaid expenses	1,555	1,555
	3,202,969	2,252,081
capital assets (Note 4)	3,430,520	3,579,458
long term investments (Note 5)	254,359	250,258
	$ 6,887,848	$ 6,081,797
liabilities		
current		
Accounts payable and accrued liabilities	$ 1,282,654	$ 751,308
Government remittances payable	14,789	13,021
	1,297,443	764,329
net assets		
Unrestricted Net Assets	5,464,213	5,052,757
Externally Restricted	126,192	264,711
	5,590,405	5,317,468
	$ 6,887,848	$ 6,081,797

Approved on behalf of the board:

Director Leroy Martin

Director

CHRISTIAN AID MINISTRIES OF WATERLOO>

statement of operations and changes in net assets

>YEAR ENDED MARCH 31, 2023

	unrestricted	externally restricted	2023 total	2022 total
revenue				
Donations	$ 3,241,122	$ 7,198,837	$10,439,959	$ 8,861,073
Books and CDs	56,464	-	56,464	26,503
Interest income	31,039	4,262	35,301	12,753
Other	13,447	-	13,447	6,708
	3,342,072	7,203,099	10,545,171	8,907,037
expenses				
Advertising and newsletter	180,300	-	180,300	163,133
Amortization	188,405	-	188,405	136,038
Books and CD's	40,906	-	40,906	20,493
Computer expense	13,870	-	13,870	14,346
Goods shipped overseas	19,003	-	19,003	18,017
Missions (Schedule A)	-	9,205,768	9,205,768	7,733,605
Moorefield facility costs	36,379	-	36,379	12,923
Office	189,274	-	189,274	56,139
Professional fees	11,433	-	11,433	8,465
Property tax	49,358	-	49,358	9,538
Repairs and maintenance	20,312	-	20,312	25,083
Travel	20,860	-	20,860	6,507
Vehicle	15,772	-	15,772	19,490
Wages and benefits	235,221	-	235,221	198,596
Warehouse operating and shipping	45,373	-	45,373	29,845
	1,066,466	9,205,768	10,272,234	8,452,218
excess of revenue over expenses for year	2,275,606	(2,002,669)	272,937	454,819
net assets, beginning of year	5,052,757	264,711	5,317,468	4,862,649
Transfers	(1,864,150)	1,864,150	-	-
balance, end of year	$ 5,464,213	$ 126,192	$ 5,590,405	$ 5,317,468

CHRISTIAN AID MINISTRIES OF WATERLOO>

statement of cash flows

>YEAR ENDED MARCH 31, 2023

	2023	2022
operating activities		
Excess of revenue over expenses for year	$ 272,937	$ 454,819
Adjustments for:		
Amortization	188,405	136,038
	461,342	590,857
Changes in non-cash working capital:		
Accounts receivable	84,466	86,102
Inventory	(143,439)	(20,080)
Accounts payable and accrued liabilities	531,341	151,788
Government remittances payable	1,768	1,258
	935,478	809,925
financing activities		
Loans payable	-	(956,750)
investing activities		
Purchase of capital assets	(39,468)	(839,792)
Investments	(4,101)	(18,661)
	(43,569)	(858,453)
Net change in cash for the year	891,909	(1,005,278)
Cash balance, beginning of year	1,775,403	2,780,681
cash balance, end of year	$ 2,667,312	$ 1,775,403

1. purpose of charity

The mission of Christian Aid Ministries of Waterloo, the "Charity", is to bring to the attention of the Christians of Canada the true state of Christians in less developed countries and thereby generate support to help with spiritual and material aid. The Charity operates in Moorefield, Ontario and it is incorporated under the Ontario Corporations Act as a not-for-profit organizations and is a registered charity for Canadian Income Tax purposes.

2. significant accounting policies

Basis of Accounting - These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting - The Charity follows the restricted fund method of accounting for contributions through the use of the following funds.

The Unrestricted fund reflects contributions received and expenses incurred towards the operation and administration of the Charity.

The Externally Restricted fund reflects contributions received and expenses incurred toward the various ministry programs outlined in the joint venture agreement with Christian Aid Ministries, Berlin, Ohio, USA as well as various other ministry programs.

Revenue Recognition - Restricted contributions related to the general operations of the Charity are recognized as revenue of the Unrestricted fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue in the appropriate restricted fund when received.

Unrestricted contributions are recognized as revenue in the Unrestricted fund in the year received.

Other income includes book and CD sales, interest and miscellaneous revenue. Book and CD sales are recognized when the item has been shipped to the buyer and collection is reasonably assured. Interest and miscellaneous revenue is recognized as earned.

Financial Instruments

Measurement - The Charity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Charity subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and long term investments.

The Charity has not designated any financial asset or liability to be measured at fair value.

Impairment - Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized as operating cost. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized as income from operations.

Transaction costs - The Charity recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Inventory - Inventory consisting of books and tapes is stated at the lower of cost and net realizable value. Inventory consisting of dried and wet produce includes raw materials, direct labour costs and production overhead based on normal capacity of the production facilities. The inventory is stated at the lower of cost and current replacement cost. The final product is distributed to the needy at no charge.

Capital Assets and Amortization - Capital assets are recorded at historical cost. Amortization, commencing in the year following acquisition, is provided in the accounts using the following methods and annual rates:

Asset	Method	Rate
Building	Straight-line	40 years
Office furniture	Straight-line	3-10 years
Machinery and equipment	Straight-line	8 years
Vehicles	Straight-line	3 years

Capital assets acquired during the year are amortized at one half the above annual rates.

Contributed Materials and Services - The Charity is dependent upon many hours contributed by volunteers. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

The Charity receives contributions of produce, the fair value of which may or may not be reasonably determinable. Contributed produce is recognized as donations when fair values can be determined. During the year $139,301 (2022 - $232,328) of contributed produce was recognized.

Disclosure and Use of Estimates - The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in the statement of operations in the period in which they become known.

Estimates are used when accounting for certain items such as revenues, inventory, allowance for doubtful accounts, useful lives of capital assets and asset impairments.

3. inventory

Inventory is comprised of the following:

	2023	2022
Books and CD's	$ 15,048	$ 11,225
Project Centre	95,691	48,901
Wet Produce	9,717	5,144
Dried Produce	314,714	226,647
Miscellaneous	186	-
	$ 435,356	$ 291,917

4. capital assets

	cost	accumulated amortization	net 2023	net 2022
Land	$ 257,968	$ -	$ 257,968	$ 257,968
Buildings	3,446,669	336,761	3,109,908	3,272,646
Office Furniture	115,348	77,711	37,637	1,255
Machinery and Equipment	273,451	273,451	-	-
Vehicles	173,578	148,571	25,007	47,589
	$ 4,267,014	$ 836,494	$ 3,430,520	$ 3,579,458

5. long term investments

	2023	2022
Member and owner shares in Kindred Credit Union	$ 2,758	$ 2,758
Cashable guaranteed investment certificate bearing interest at 1.55% maturing June 2024	116,782	115,000
Cashable guaranteed investment certificate bearing interest at 1.75% maturing October 2024	134,819	132,500
	254,359	250,258

6. related party transaction

The Charity provides ministry programs within a joint venture agreement with Christian Aid Ministries, Berlin, Ohio, USA (CAM Ohio). Both parties contribute equally to programs managed by the joint venture.

	2023	2022
Total amount contributed to joint venture	$ 5,905,803	$ 5,334,634
Accounts payable to joint venture	$ 1,196,398	$ 616,078
Accounts payable to CAM Ohio	$ 5,516	$ 4,248
Accounts receivable from joint venture	$ 44,363	$ 77,155

7. financial instruments

Risk Management - The significant risk to which the Charity is exposed is interest rate risk, currency risk and liquidity risk.

Interest Rate Risk - The Charity's interest-bearing assets include long term investments.

The Charity manages its portfolio based on its cash flow needs.

The average interest rate for the year was 1.65% (2022 - 1.65%) on long term investments with investments in guaranteed investment certificates.

Currency Risk - The Charity funds approximately 58% (2022 - 54%) of the mission program costs with United Stated Dollars (USD). Consequently, some assets, liabilities, revenues and expenses are exposed to foreign exchange fluctuations. As at March 31, 2023, cash of $41,679 (2022 - $126,396), accounts receivable of $32,782 (2022 - $61,234) and accounts payable of $892,834 (2022 - $492,322) are denominated in US dollars.

Liquidity Risk - Liquidity risk is the risk that the Charity will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Charity's cash requirements.

CHRISTIAN AID MINISTRIES OF WATERLOO>

schedule A - changes in restricted fund balances

>YEAR ENDED MARCH 31, 2023

	Beginning of year	Revenues	Disbursements	Interest	Transfer	End of year
Food Parcel Program	$ -	$ 448,529	$ 506,275	$ 16	$ 57,730	$ -
Help for the Elderly	-	57,420	136,828	-	79,408	-
Support a Widow	-	132,012	181,128	3	49,113	-
Haiti Sponsor a Child	-	176,949	273,887	-	96,938	-
Medicines for Multitudes	-	133,233	177,889	8	44,648	-
Support an Orphan	-	430,188	624,376	-	194,188	-
Bibles for the World	-	1,752,747	1,817,229	3,066	61,416	-
Bibles for the World Canada	-	10,710	136,678	-	125,968	-
Christian Family Magazine	-	60,136	82,677	-	22,541	-
Family Self Support	-	100,202	124,352	194	23,956	-
Warm a Family	9,942	115,523	134,797	190	9,142	-
Water for the World	8,302	87,556	82,394	224	-	13,688
Hope for the Handicapped	14,280	45,308	72,433	101	12,744	-
Milk for Many Mouths	-	26,423	64,081	-	37,658	-
Billboard Evangelism	-	378,977	416,716	35	37,704	-
Biblical Discipleship Centres	-	17,087	31,350	1	14,262	-
Middle East Ministries	-	35,831	143,393	-	107,562	-
Egypt Sponsor a Child	2,262	19,593	22,078	38	185	-
International Crisis	-	1,741,195	2,438,308	-	697,113	-
Rapid Response Services	-	103,814	376,951	-	273,137	-
Reaching out to Canada	62,504	-	2,176	-	(60,328)	-
Reapers of Hope	54,022	142,927	359,178	-	162,229	-
Shipping Relief	23,606	104,536	233,437	14	105,281	-
Moorefield building and equipment	-	5,920	27,171	-	21,251	-
Migrant Harvest Worker	-	33,064	137,375	222	104,089	-
Gifts in kind	-	139,301	139,301	-	-	-
Sponsor a Refugee Child	-	783	16,697	-	15,914	-
Water Needs International	-	-	15,000	-	15,000	-
Other Needs International	-	-	35,000	-	35,000	-
International Aid	81,361	642,307	104,419	-	(506,745)	112,504
Project Inventory	-	110,454	118,177	-	7,723	-
SALT Microfinance	8,432	146,111	174,016	150	19,323	-
	$ 264,711	$ 7,198,836	$ 9,205,767	$ 4,262	$ 1,864,150	$ 126,192