
"NEW LIFE" GIRLS' HOME (CANADA)
FINANCIAL STATEMENTS
DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Members
"New Life" Girls' Home (Canada)
CONSECON, Ontario

Report on the Financial Statements

We have audited the accompanying financial statements of "New Life" Girls' Home (Canada) which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net assets 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 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 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

Bases for Qualified Opinion

As is common with many charitable organizations, "New Life" Girls' Home (Canada) derives part of its revenue from the general public in the form of contributions, which are not susceptible to complete audit verification. Accordingly our verification of revenue from this source was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to contribution revenues, excess of revenues over expenses, assets, and net assets.

We were appointed as auditors of the entity for the year ended December 31, 2015. As a result, we were not able to obtain reasonable assurance that the opening balances as at January 1, 2015 were presented fairly, in all material respects. Since the opening balances affect the results of operations, we were unable to determine whether adjustments to the results of operations and net assets might be necessary for the year ended December 31, 2015. Our opinion on the current period's financial statements is modified because of the possible effect of this matter on the comparability of the current period's figures to the corresponding comparative figures.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Bases for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of "New Life" Girls' Home (Canada) as at December 31, 2015 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.

Other Matter

We were not engaged to audit the comparative figures and, as such, they are unaudited.



NORTON McMULLEN LLP
Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada
June 24, 2016

"NEW LIFE" GIRLS' HOME (CANADA)

STATEMENT OF FINANCIAL POSITION

As at December 31,	2015	2014
		(Unaudited)
ASSETS		
Current		
Cash and cash equivalents	\$ 38,842	\$ 77,401
HST refundable	6,270	3,008
Prepaid expenses	4,759	4,075
	<u>\$ 49,871</u>	<u>\$ 84,484</u>
Capital Assets (Note 2)	<u>763,770</u>	<u>791,478</u>
	<u>\$ 813,641</u>	<u>\$ 875,962</u>

LIABILITIES

Current

Accounts payable and accrued liabilities (Note 3)	\$ 17,744	\$ 9,393
Current portion of long-term debt (Note 4)	<u>319,258</u>	<u>9,138</u>
	<u>\$ 337,002</u>	<u>\$ 18,531</u>

Long-Term Debt (Note 4)

	<u>-</u>	<u>330,114</u>
	<u>\$ 337,002</u>	<u>\$ 348,645</u>

NET ASSETS

	<u>476,639</u>	<u>527,317</u>
	<u>\$ 813,641</u>	<u>\$ 875,962</u>

Commitments (Note 5)

Approved by the Board:

_____ Director

_____ Director

"NEW LIFE" GIRLS' HOME (CANADA)**STATEMENT OF CHANGES IN NET ASSETS**

For the year ended December 31,

2015**2014**

(Unaudited)

BALANCE - Beginning	\$	527,317	\$	496,128
Excess (deficiency) of revenues over expenses		<u>(50,678)</u>		<u>31,189</u>
BALANCE - Ending	\$	<u>476,639</u>	\$	<u>527,317</u>

See accompanying notes

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"NEW LIFE" GIRLS' HOME (CANADA)

STATEMENT OF OPERATIONS

For the year ended December 31,

2015

2014

(Unaudited)

REVENUES

Contributions	\$ 292,572	\$ 369,979
Fees	44,029	29,282
Interest and other income	1,406	6,832
	<u>\$ 338,007</u>	<u>\$ 406,093</u>

EXPENSES

Wages and benefits	\$ 247,248	\$ 243,386
Amortization	32,228	14,721
Administration	27,370	23,502
House and occupancy costs	22,127	27,902
Vehicle and travel	18,701	15,721
Operating costs	13,971	8,508
Interest on long-term debt	13,301	30,289
Fundraising	4,698	3,738
Bank charges and interest	2,676	2,446
Ministry	2,504	2,291
Gifts	782	1,515
Support	746	885
	<u>\$ 386,352</u>	<u>\$ 374,904</u>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING

\$ (48,345) \$ 31,189

Loss on disposal of capital assets

2,333 -

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES

\$ (50,678) \$ 31,189

See accompanying notes

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"NEW LIFE" GIRLS' HOME (CANADA)**STATEMENT OF CASH FLOWS**

For the year ended December 31,

2015

2014

(Unaudited)

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):**OPERATING ACTIVITIES**

Excess (deficiency) of revenues over expenses	\$ (50,678)	\$ 31,189
Items not affecting cash:		
Amortization	32,228	14,721
Loss on disposition	2,333	-
	<u>\$ (16,117)</u>	<u>\$ 45,910</u>
Net change in non-cash working capital balances:		
HST refundable	(3,262)	3,816
Prepaid expenses	(684)	1,538
Accounts payable and accrued liabilities	8,350	(9,658)
	<u>\$ (11,713)</u>	<u>\$ 41,606</u>

INVESTING ACTIVITIES

Purchase of capital assets	\$ (7,212)	\$ -
Proceeds on disposition of capital asset	360	-
	<u>\$ (6,852)</u>	<u>\$ -</u>

FINANCING ACTIVITIES

Repayment of long-term debt	\$ (19,994)	\$ (3,006)
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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	\$ (38,559)	\$ 38,600
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CASH AND CASH EQUIVALENTS - Beginning

	<u>77,401</u>	<u>38,801</u>
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CASH AND CASH EQUIVALENTS - Ending

	<u>\$ 38,842</u>	<u>\$ 77,401</u>
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See accompanying notes

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"NEW LIFE" GIRLS' HOME (CANADA)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NATURE OF OPERATIONS

"New Life" Girls' Home (Canada) (the "Organization") operates a residence for young ladies that provides intensive counseling and classroom studies to help deal with, and bring recovery from life controlling issues and problems as well as teaching life skills such as cooking and homemaking.

The Organization was incorporated without share capital under the laws of the province of Ontario on November 9, 1988. It is registered as a charitable organization under the Income Tax Act and is therefore exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) 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 based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

b) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances, including bank overdrafts when bank balances fluctuate frequently from being positive to overdrawn, cash equivalent gift cards and cash on hand.

c) Capital Assets

Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets using the following annual rates and methods:

	<u>Rate</u>	<u>Method</u>
Building	35 years	straight-line
Automotive equipment	8 years	straight-line
Furniture and fixtures	5 years	straight-line
Office equipment	5 years	straight-line

d) Impairment of Capital Assets

When a capital asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense.

"NEW LIFE" GIRLS' HOME (CANADA)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets for the year.

Monthly fees received from students are recognized as revenue when received in the period to which they relate. Other revenue is recognized as revenue when earned and collection is reasonably assured.

f) Contributed Services

The values of contributed goods, if any, are recorded where appraised values, as determined by independent professional appraisers, or other independent means are readily available. The values of contributed services are not recognized in these financial statements due to the difficulty in determining their fair value.

g) Financial Instruments

Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

The Company has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess (deficiency) of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

"NEW LIFE" GIRLS' HOME (CANADA)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. CAPITAL ASSETS

Capital assets consist of the following:

	2015			2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and building	\$ 830,000	\$ 75,146	\$ 754,854	\$ 778,568
Automotive equipment	14,000	10,526	3,474	4,922
Furniture and fixtures	32,182	28,999	3,183	7,348
Office equipment	5,912	3,653	2,259	640
	<u>\$ 882,094</u>	<u>\$ 118,324</u>	<u>\$ 763,770</u>	<u>\$ 791,478</u>

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$5,729 (2014 - \$Nil).

4. LONG-TERM DEBT

Long-term debt consists of the following:

	2015	2014
Mortgage payable - John and Elsie Voortman, secured by land and buildings at 112 Edward Drive, RR#3, Consecon, Ontario, with a net book value of \$754,854, bearing interest at 7%, repayable in blended monthly payments of principal and interest of \$2,775, due September 2016	\$ 319,258	\$ 339,252
Less: Current portion	<u>319,258</u>	<u>9,138</u>
	<u>\$ -</u>	<u>\$ 330,114</u>

"NEW LIFE" GIRLS' HOME (CANADA)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

5. COMMITMENTS

The Organization leases office equipment for a net rental payment of \$337 paid quarterly. The lease expires June 2017 with minimum lease payments over the next two years as follows:

2016	\$	1,348
2017		<u>674</u>
	\$	<u>2,022</u>

6. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization's exposure to and concentrations of risk at December 31, 2015:

a) Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities, and long-term debt. The Organization manages this risk by managing its working capital and by generating sufficient cash flow from operations. There has been no change in the assessment of liquidity risk from the prior period.

b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The Organization is mainly exposed to interest rate risk as follows:

i) 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. As described in Note 4, the Organization is exposed to interest rate risk with respect to its long-term financing. The Organization does not currently hold any financial instruments to mitigate this risk. The exposure to this risk fluctuates as the debt and related interest rates change from year to year.