The Children's Bridge

Financial Statements

For the year ended July 31, 2016

COLLINS BARROW

an independent member of BAKER TILLY INTERNATIONAL

The Children's Bridge
Financial Statements
For the year ended July 31, 2016

Contents

COLLINS BARROW

Collins Barrow Ottawa LLP
Chartered Professional Accountants
301 Moodie Drive, Suite 400
Ottawa, Ontario K2H 9C4
Canada
T: 613.820.8010
F: 613.820.0465
Email: ottawa@collinsbarrow.com
www.collinsbarrow.com

Independent Auditor's Report

To the Members of
The Children's Bridge

We have audited the accompanying financial statements of The Children's Bridge, which comprise the statement of financial position as at July 31, 2016, and the statement of operations and 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.

Auditor's 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the organization as at July 31, 2016, 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.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
November 8, 2016
Ottawa, Ontario

The Children's Bridge
Statement of Financial Position

July 31		2016		2015
Assets				
Current				
Cash	$	**449,044**	$	389,099
Accounts receivable (Note 2)		**12,487**		31,984
Due from trust		**-**		11,079
		461,531		432,162
Assets held in trust				
Funds held in trust (Note 4)		**375,256**		401,755
Due from operations		**2,690**		-
		377,946		401,755
Tangible capital assets (Note 3)		**3,710**		1,810
Intangible assets (Note 3)		**375**		169
	$	**843,562**	$	835,896

Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities	$	**38,887**	$	42,234
Government remittances payable		**14,949**		36,647
Due to trust		**2,690**		-
Deferred revenue (Note 5)		**28,516**		32,643
		85,042		111,524
Trust liability				
Funds held in trust		**377,946**		390,676
Due to operations		**-**		11,079
		377,946		401,755
		462,988		513,279
Net assets				
Unrestricted		**380,574**		322,617
	$	**843,562**	$	835,896

On behalf of the Board:

_______________________ Director _______________________ Director

The Children's Bridge
Statement of Changes in Net Assets

For the year ended July 31		2016		2015
Balance, beginning of year	**$**	**322,617**	$	336,215
Excess (deficiency) of revenue over expenses for the year		**57,957**		(13,598)
Balance, end of year	**$**	**380,574**	$	322,617

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Children's Bridge
Statement of Operations

For the year ended July 31	2016	2015
Revenue		
General		
Facilitation fees	**$ 293,500**	$ 255,650
Membership fees	**9,374**	12,223
Post placement fees	**34,784**	49,132
Travel services	**11,508**	11,355
	349,166	328,360
Direct		
Translation fees	**1,540**	2,882
Pre/Post adoption services	**67,271**	65,667
Investment income	**675**	1,711
Homeland trip	**3,267**	9,722
Annual administration fees	**42,300**	61,051
	115,053	141,033
	464,219	469,393
Expenses		
Direct costs		
Pre/Post adoption services	**8,243**	5,601
Translation fees	**3,660**	4,800
	11,903	10,401
General and administrative costs		
Advertising and public relations	**494**	58
Bank and credit card charges	**1,946**	5,396
Communications and meetings	**16,892**	17,593
Donations and gifts	**6,859**	290
Foreign exchange recovered	**(5,654)**	(503)
Insurance and licenses	**19,628**	18,637
Office and general expenses	**55,594**	88,411
Professional fees	**32,200**	26,193
Program expenses	**8,582**	7,155
Salaries and wages	**253,396**	299,369
Travel	**4,422**	9,991
	394,359	472,590
	406,262	482,991
Excess (deficiency) of revenue over expenses for the year	**$ 57,957**	$ (13,598)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Children's Bridge
Statement of Cash Flows

For the year ended July 31	2016	2015
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	**$ 57,957**	$ (13,598)
Adjustments for		
Amortization of tangible capital assets	**760**	2,964
Amortization of intangible assets	**543**	640
	59,260	(9,994)
Changes in non-cash working capital items		
Accounts receivable	**19,497**	10,405
Due from/to trust	**13,769**	16,879
Prepaid expense	**-**	9,179
Accounts payable and accrued liabilities	**(3,347)**	(3,580)
Government remittances payable	**(21,698)**	(1,659)
Deferred revenue	**(4,127)**	(8,153)
	63,354	13,077
Cash flows from financing and investing activities		
Purchase of tangible capital assets	**(2,660)**	(624)
Purchase of intangible assets	**(749)**	(339)
	(3,409)	(963)
Increase in cash during the year	**59,945**	12,114
Cash, beginning of year	**389,099**	376,985
Cash, end of year	**$ 449,044**	$ 389,099

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Nature of Business

The Children's Bridge is incorporated under the Canada Not-for-profit Corporations Act. The Organization is working to educate families on the subject of adopting a child, providing assistance to families who are interested in international adoption and to assist children who are in need in orphanages in foreign countries. The organization is a not-for-profit organization as defined in Section 149(1)(L) of the Income Tax Act and, as such is exempt from income tax.

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations which are in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

Financial Instruments

Financial instruments are financial assets or liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial assets.

Measurement of financial instruments
The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions which are measured at the exchange amount.

The organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities and government remittances payable.

Impairment
Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 in excess of revenue over expenses.

Transaction costs
The organization recognizes its transaction costs in excess in 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.

July 31, 2016

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

Significant estimates include assumptions used in estimating the useful life and related amortization of tangible capital assets and intangible assets, provision for doubtful accounts receivable and provisions for accrued liabilities and certain accounts payable.

Tangible Capital Assets

Tangible capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives at the following annual rates:

Furniture and equipment	5 years straight-line basis
Computer equipment	3 years straight-line basis

A half-rate is used in the year of acquisition.

Intangible Assets

Intangible assets consists of software, is recorded at cost and amortized on a straight-line basis over an estimated useful life of 1 year, with a half-rate used in the year of acquisition.

Revenue Recognition

Annual dues for membership and fees for services are recorded as revenue and receivable when earned once terms have been accepted and when collection is reasonably assured.

Fees and sales revenues are recognized as revenue and receivable when the service has been rendered or the goods have been delivered.

Investment income is recorded as revenue when earned.

Volunteer Services

The organization receives the services of many volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expenditure has been included in these financial statements.

Foreign Currency

Transactions during the year in U.S. dollars have been converted in the accounts to Canadian dollars at the exchange rate effective on the transaction date. All monetary assets in U.S. dollars have been converted to Canadian dollars at the exchange rates in effect at July 31, 2016. Gains or losses resulting therefrom are included in the determination of excess of revenue over expenses for the year.

1. Cash

The organization's bank accounts are held at one chartered bank. Bank balances include $6,860 (2015 - $7,773) denominated in U.S. dollars.

2. Accounts Receivable

	2016	2015
Annual administration fees receivable	**$ 12,487**	$ 18,928
Other fees receivable	**-**	13,056
	$ 12,487	$ 31,984

3. Tangible Capital Assets and Intangible Assets

	2016			2015		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Tangible Capital Assets						
Furniture and equipment	**$ 32,450**	**$ 32,445**	**$ 5**	$ 32,450	$ 32,336	$ 114
Computer equipment	**75,802**	**72,097**	**3,705**	73,142	71,446	1,696
	$ 108,252	**$ 104,542**	**$ 3,710**	$ 105,592	$ 103,782	$ 1,810
Intangible Asset						
Software	**$ 7,357**	**$ 6,982**	**$ 375**	$ 6,608	$ 6,439	$ 169

4. Assets Held in Trust

	2016	2015
Canadian dollar trust account	**$ 152,346**	$ 177,397
US dollar trust account (U.S $170,930 (2015 - $171,961))	**222,910**	224,358
Ending balance	**$ 375,256**	$ 401,755

Monies held in trust on behalf of clients are recorded as Assets Held in Trust and Trust Liability. These funds are used to cover the expenses incurred on behalf of the client and a portion is regarded as fee revenue of the organization based on a mutual agreement of terms with the client.

5. Deferred Revenue

Deferred revenue represent membership fees and annual administration fees received in the current year or receivable at the end of the current year that relate to subsequent periods. Changes in the deferred revenue balance are as follows:

	2016	2015
Beginning balance	$ 32,643	$ 40,796
Add amount received or receivable during the year	48,047	53,670
Less amount recognized as revenue in the year	(52,174)	(61,823)
Ending balance	$ 28,516	$ 32,643

6. Commitments

The organization is committed to a photocopier lease agreement until March 31, 2017 with annual payments of $3,788 plus applicable taxes.

The organization is committed to a building lease agreement until May 31, 2017 with annual minimum payments of $40,807 plus their share of common expenses and applicable taxes.

7. Risks and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at July 31, 2016.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to this credit risk mainly in respect of its accounts receivable.

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 in respect of its accounts payable and accrued liabilities and government remittances payable.

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 other price risk. The organization is mainly exposed to currency rate risk.

7. **Risks and Concentrations** (continued)

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is exposed to this risk mainly in respect of cash held in U.S. dollars as disclosed in Note 1.

Changes in risk
There have been no significant changes in the organization risk exposures from the previous fiscal year.