The Children's Bridge

Financial Statements

For the year ended July 31, 2019

bakertilly

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Independent Auditor's Report

To the Members of
The Children's Bridge

Opinion

We have audited the financial statements of The Children's Bridge (the "Organization") which comprise the statement of financial position as at July 31, 2019, and the statements of operations and 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 Organization as at July 31, 2019, and its results of 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 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 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 the 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 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 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 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 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.

Baker Tilly Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
June 9, 2020
Ottawa, Ontario

The Children's Bridge
Statement of Financial Position

July 31	2019	2018
Assets		
Current		
Cash (Note 1)	**$ 233,362**	$ 395,565
Accounts receivable (Note 3)	**23,428**	24,315
	256,790	419,880
Assets held in trust		
Funds held in trust (Note 5)	**481,438**	433,211
Due from operations	**46,520**	12,278
	527,958	445,489
Investment	**250,000**	-
Tangible capital assets (Note 4)	**4,489**	6,438
Intangible assets (Note 4)	**-**	861
	$ 1,039,237	$ 872,668
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	**$ 25,729**	$ 19,449
Government remittances payable	**28,353**	9,840
Due to trust	**46,520**	12,278
Deferred revenue (Note 6)	**-**	39,790
	100,602	81,357
Trust liability		
Funds held in trust	**527,958**	392,588
Accounts payable - trust	**-**	52,901
	527,958	445,489
	628,560	526,846
Net assets		
Unrestricted	**410,677**	345,822
	$ 1,039,237	$ 872,668

On behalf of the Board:

_________________________ Director _________________________ Director

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

The Children's Bridge
Statement of Changes in Net Assets

For the year ended July 31	2019	2018
Balance, beginning of year	**$ 345,822**	$ 452,175
Excess (deficiency) of revenue over expenses for the year	**64,855**	(106,353)
Balance, end of year	**$ 410,677**	$ 345,822

The Children's Bridge
Statement of Operations

For the year ended July 31	2019	2018
Revenue		
General		
Facilitation fees	$ **274,399**	$ 207,000
Membership fees	**18,118**	10,244
Post placement fees	**11,750**	32,841
Travel services	**5,798**	4,946
	310,065	255,031
Direct		
Translation fees	**-**	800
Pre/Post adoption services	**46,279**	31,413
Investment income	**5,529**	2,628
Homeland trip	**850**	8,082
Annual administration fees	**47,459**	44,773
	100,117	87,696
Other revenues	**29,516**	-
	439,698	342,727
Expenses		
Direct costs		
Homeland trip	**860**	265
Pre/Post adoption services	**11,518**	6,108
Translation fees	**126**	5,755
	12,504	12,128
General and administrative costs		
Advertising and public relations	**310**	29
Bank and credit card charges	**6,297**	5,931
Communications and meetings	**13,445**	15,824
Donations and gifts	**227**	2,525
Foreign exchange (recovered)	**1,718**	(5,846)
Insurance and licenses	**17,493**	15,817
Office and general expenses (Note 4)	**74,484**	75,831
Professional fees	**58,338**	43,826
Program expenses	**1,980**	13,061
Salaries and wages	**174,721**	260,039
Travel	**13,326**	9,915
	362,339	436,952
	374,843	449,080
Excess (deficiency) of revenue over expenses for the year	$ **64,855**	$ (106,353)

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		**2019**		2018
Cash flows from operating activities				
Excess (deficiency) of revenue over expenses for the year	**$**	**64,855**	$	(106,353)
Adjustments for				
Amortization of tangible capital assets		**1,949**		2,496
Amortization of intangible assets		**861**		1,195
		67,665		(102,662)
Changes in non-cash working capital items				
Accounts receivable		**887**		(13,354)
Due from/to trust		**34,242**		6,181
Accounts payable and accrued liabilities		**6,280**		(7,431)
Government remittances payable		**18,513**		(7,140)
Deferred revenue		**(39,790)**		12,773
		87,797		(111,633)
Cash flows from investing activities				
Purchase of tangible capital assets		**-**		(2,560)
Purchase of intangible assets		**-**		(1,722)
Purchase of investment		**(250,000)**		-
		(250,000)		(4,282)
Decrease in cash during the year		**(162,203)**		(115,915)
Cash, beginning of year		**395,565**		511,480
Cash, end of year	**$**	**233,362**	$	395,565

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

The Children's Bridge
Summary of Significant Accounting Policies

July 31, 2019

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, investments, 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.

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, 2019. 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 $54,800 (2018 - $7,130) denominated in U.S. dollars.

2. **Investment**

Investment is held with a chartered bank and consist of a guaranteed investment certificate with effective interest rate of 2%% and mature in December 2020.

3. **Accounts Receivable**

	2019	2018
Annual administration fees receivable	$ 23,428	$ 24,315

4. **Tangible Capital Assets and Intangible Assets**

	2019			2018		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Tangible Capital Assets						
Furniture and equipment	$ 32,450	$ 32,450	$ -	$ 32,450	$ 32,450	$ -
Computer equipment	82,878	78,389	4,489	82,878	76,440	6,438
	$ 115,328	$ 110,839	$ 4,489	$ 115,328	$ 108,890	$ 6,438
Intangible Asset						
Software	$ 9,747	$ 9,747	$ -	$ 9,747	$ 8,886	$ 861

Amortization of tangible capital assets of $1,949 (2018 - $2,496) and amortization of intangible capital asset for the year of $861 (2018 - $1,195) are included in office and general expenses.

5. **Assets Held in Trust**

	2019	2018
Canadian dollar trust account	$ 384,229	$ 189,838
US dollar trust account (U.S $73,705 (2018 - $189,466))	97,209	243,373
Ending balance	$ 481,438	$ 433,211

5. **Assets Held in Trust** (continued)

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.

6. **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:

	2019	2018
Beginning balance	**$ 39,790**	$ 27,017
Add amount received or receivable during the year	**-**	59,537
Less amount recognized as revenue in the year	**(39,790)**	(46,764)
Ending balance	**$ -**	$ 39,790

7. **Commitments**

The Organization is committed to a photocopier lease agreement until March 31, 2020 with annual payments of $3,788 plus applicable taxes.

The Organization is committed to a building lease agreement until May 31, 2020 with annual minimum payments of $42,044 plus their share of common expenses and applicable taxes.

8. **Subsequent Event**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and measures being introduced at various levels of government to curtail the spread of the virus could have a material impact on the Organization's operations. The extent of the impact of this outbreak and related containment measures on the Organization's operations cannot be reliably estimated at this time.

9. 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, 2018.

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.

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.