CHRISTIAN TALKING BOOK PUBLICATIONS

2016 FINANCIAL STATEMENTS

NETHERCOTT & COMPANY

CHRISTIAN TALKING BOOK PUBLICATIONS
2016 FINANCIAL STATEMENTS
CONTENTS

NETHERCOTT & COMPANY
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of
CHRISTIAN TALKING BOOK PUBLICATIONS

We have audited the accompanying financial statements of CHRISTIAN TALKING BOOK PUBLICATIONS, which comprise the statement of financial position as at December 31, 2016, statement of operations and statement of 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, where 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.

Basis for Qualified Opinion
In common with many charitable organizations, the organization derives income from contributions the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this income was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of income over expenditure, current assets and net assets.

Qualified Opinion
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of CHRISTIAN TALKING BOOK PUBLICATIONS as at December 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.

Nethercott & Company

Chartered Accountants
Licensed Public Accountants

North York, Ontario
April 24, 2017

CHRISTIAN TALKING BOOK PUBLICATIONS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
Current		
Cash	$ 25,261	$ 9,294
Due from CanadaHelps	2,600	-
HST receivable	694	7,610
	28,555	16,904
Capital		
Narrating equipment - at cost	28,072	24,931
	$ 56,627	$ 41,835
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accruals	$ 3,000	$ 5,012
Government remittances payable	-	534
`	3,000	5,546
NET ASSETS	53,627	36,289
	$ 56,627	$ 41,835

APPROVED BY THE BOARD:

Director

Director

CHRISTIAN TALKING BOOK PUBLICATIONS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
REVENUE		
Contributions by cbm Canada	$ 62,481	$ 112,823
Donations	25,010	20,400
Student employment grant	3,052	4,738
Other	137	-
	90,680	137,961
EXPENDITURES		
Wages and benefits	49,410	37,396
Rent (Note 2)	9,828	9,828
IT support	6,458	11,502
Advertising and promotion	2,638	18,619
Office and general	2,430	6,294
Insurance	1,538	1,604
Telephone	1,073	835
Postage	804	-
Bank and credit card charges	417	295
Internet and web hosting	260	346
Entertainment	52	1,252
Memberships	-	3,132
Professional fees	(1,566)	10,569
	73,342	101,672
EXCESS OF REVENUE OVER EXPENDITURES	17,338	36,289
BALANCE END OF YEAR	$ 53,627	$ 36,289

CHRISTIAN TALKING BOOK PUBLICATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
CASH PROVIDED BY (USED FOR)		
Operating activities		
Excess of revenue over expenditures	$ 17,338	$ 36,289
Decrease (increase) in working capital from the following:		
Due from CanadaHelps	(2,600)	-
HST receivable	6,916	(7,610)
Accounts payable and accruals	(2,012)	5,012
Government remittances payable	(534)	534
	19,108	34,225
INVESTING ACTIVITIES		
Purchase of capital assets	(3,141)	(24,931)
INCREASE IN CASH FOR YEAR	15,967	9,294
Cash, beginning of year	9,294	-
CASH, END OF YEAR	$ 25,261	$ 9,294

NATURE OF OPERATIONS

Christian Talking Book Publications (the "Organization") was established on July 4, 2014 and is incorporated federally without share capital under the Canada Not-For-Profit Corporation Act. The Organization is registered as a charitable organization under Section 149.1(1) of the Income Tax Act and is therefore exempt from income taxes. The organization exists to enrich the lives of persons with blindness or print disability by providing and promoting accessible, high quality, Christian audio material.

1. SUMMARY OF 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 policies:

a) *Use of Estimates*
The preparation of financial statements 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 consists of cash held in the Organizations bank account only.

c) *Capital Assets*
Capital expenditures are recorded at cost and are not amortized.

d) *Revenue recognition*
The Organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions received for restricted or designated purposes are recognized into revenue in the year when the related expense is incurred.

Investment income is recognized as revenue on the accrual basis as earned.

e) *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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and HST receivable. Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities.

The Organization 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 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.

2. ECONOMIC DEPENDENCY

During the year, the Organization received 69% (2015 - 82%) of its revenue as contributions from cbm Canada. The Organization is attempting to create its own donation base with contributions from cbm Canada ceasing on December 31, 2016. cbm Canada has also agreed to provide office and narration space, estimated to have an annual value of $9,828, until June 2018.

3. MANAGEMENT OF RISKS

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, 2016:

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its HST receivable which is subject to proper filing and assessment by the Canada Revenue Agency of appropriate rebate claims.

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. The Organization manages this risk by managing its working capital and by generating sufficient cash flow from operations.

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, currency risk, interest rate risk and price risk. The Organization is not exposed to these risks.