

CHRISTIAN TALKING BOOK PUBLICATIONS

2018 FINANCIAL STATEMENTS

**CHRISTIAN TALKING BOOK PUBLICATIONS
2018 FINANCIAL STATEMENTS
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NETHERCOTT & COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Members
CHRISTIAN TALKING BOOK PUBLICATIONS

Qualified Opinion

We have audited the financial statements of CHRISTIAN TALKING BOOK PUBLICATIONS (the Entity), which comprise the statement of financial position as at December 31, 2018, and the statement of operations and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of CHRISTIAN TALKING BOOK PUBLICATIONS as at December 31, 2018, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives income from donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the audit verification. Accordingly, the evidence obtained of these incomes was limited to the amounts recorded in the records of the Entity. Therefore, we were unable to determine whether any adjustments might be necessary for recorded donations, the excess of revenue over expenditures, cash flows from operating activities for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and fund balances as at January 1 and December 31 for both the 2018 and 2017 year-ends. Our conclusion on the financial statements as at and for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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 Entity in accordance with the ethical requirements that are relevant to our audit of 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 qualified 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 Entity'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 Entity'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 Entity 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.



Nethercott & Company
Chartered Professional Accountants
Licensed Public Accountants

North York, Ontario
October 4, 2019

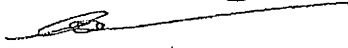
CHRISTIAN TALKING BOOK PUBLICATIONS
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Current		
Cash	\$ 24,109	\$ 19,937
HST receivable	3,122	1,195
Prepaid expenses	<u>300</u>	<u>300</u>
	27,531	21,432
Capital		
Narrating equipment - at cost	<u>28,072</u>	<u>28,072</u>
	<u>\$ 55,603</u>	<u>\$ 49,504</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accruals	\$ 1,880	\$ 2,000
NET ASSETS	<u>53,723</u>	<u>47,504</u>
	<u>\$ 55,603</u>	<u>\$ 49,504</u>

APPROVED BY THE BOARD:



 Director



 Director

**CHRISTIAN TALKING BOOK PUBLICATIONS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
REVENUE		
Donations	\$ 84,323	\$ 62,585
Other	301	130
Student employment grant	-	8,208
Contributions by cbm Canada	-	6,552
	<u>84,624</u>	<u>77,475</u>
EXPENDITURES		
Wages and benefits	43,143	54,183
Contract employment	11,962	-
Rent	9,000	9,552
Advertising and promotion	3,752	2,379
Travel	2,804	4,093
Insurance	1,925	1,862
Office and general	1,658	1,263
Professional fees	1,247	1,598
Telephone	1,141	1,482
Bank and credit card charges	791	956
Postage	757	442
Entertainment	213	-
Memberships	12	446
Relocation expenses	-	4,664
IT support	-	678
	<u>78,405</u>	<u>83,598</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	6,219	(6,123)
Net assets, beginning of year	<u>47,504</u>	<u>53,627</u>
NET ASSETS, END OF YEAR	<u>\$ 53,723</u>	<u>\$ 47,504</u>

**CHRISTIAN TALKING BOOK PUBLICATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
CASH PROVIDED BY (USED FOR)		
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ 6,219	\$ (6,123)
Decrease (increase) in working capital from the following:		
Due from CanadaHelps	-	2,600
HST receivable	(1,927)	(501)
Prepaid expenses	-	(300)
Accounts payable and accruals	<u>(120)</u>	<u>(1,000)</u>
INCREASE (DECREASE) IN CASH FOR YEAR	4,172	(5,324)
Cash, beginning of year	<u>19,937</u>	<u>25,261</u>
CASH, END OF YEAR	<u>\$ 24,109</u>	<u>\$ 19,937</u>

**CHRISTIAN TALKING BOOK PUBLICATIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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.

**CHRISTIAN TALKING BOOK PUBLICATIONS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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. 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, 2018:

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.

3. COMMITMENTS

In September 2017, the Organization entered into an agreement to lease office and narration space for a period of twenty-two months ending June 30, 2019 at a monthly rate of \$750.