

**INTERCHURCH HEALTH MINISTRIES CANADA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**



**INTERCHURCH HEALTH MINISTRIES CANADA**

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**DECEMBER 31, 2012**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of:  
Interchurch Health Ministries Canada

I have audited the accompanying financial statements of Interchurch Health Ministries Canada which comprise the statement of financial position as at December 31, 2012 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 fair presentation of these financial statements in accordance with present 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 these 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 used by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Interchurch Health Ministries Canada derives a major portion of its revenue from the general public in the form of cash donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts reported in the records of the Interchurch Health Ministries Canada and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and net assets.

### Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Interchurch Health Ministries Canada as at December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Comparative Information

Without modifying my opinion, I draw your attention to Note 2 to the financial statements, which describes that Interchurch Health Ministries Canada adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2011 and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2011 and related disclosure. I was not engaged to report on the restated comparative information, and as such, it is unaudited.

Markham, Ontario  
July 23, 2013

*Dutchek + Company*  
CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANT



## INTERCHURCH HEALTH MINISTRIES CANADA

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 22,268	\$ 21,735
Source deductions receivable	648	-
HST receivable	<u>1,518</u>	<u>1,846</u>
	<u>\$ 24,434</u>	<u>\$ 23,581</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ -	\$ 520
Source deductions payable	2,072	1,241
Deferred revenue	<u>-</u>	<u>5,889</u>
	<u>2,072</u>	<u>7,650</u>
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	<u>22,362</u>	<u>15,931</u>
	<u>\$ 24,434</u>	<u>\$ 23,581</u>

Approved by the Board

\_\_\_\_\_  
Director\_\_\_\_\_  
Director

See accompanying notes to the financial statements



**INTERCHURCH HEALTH MINISTRIES CANADA**

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Externally Restricted</u>	<u>Total 2012</u>	<u>Total 2011</u>
BALANCE, beginning of year	\$ 15,931	\$ -	\$ 15,931	\$ 16,752
Excess (deficiency) of revenue over expenses	<u>6,431</u>	<u>-</u>	<u>6,431</u>	<u>(821)</u>
BALANCE, end of year	<u>\$ 22,362</u>	<u>\$ -</u>	<u>\$ 22,362</u>	<u>\$ 15,931</u>

See accompanying notes to the financial statements



## INTERCHURCH HEALTH MINISTRIES CANADA

## STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>%</u>	<u>2011</u>	<u>%</u>
<b>REVENUE</b>				
Special projects	\$ 1,030	0.5	\$ 3,667	1.5
Contributions	36,101	17.2	49,344	19.8
Education	11,382	5.4	14,990	6.0
Partnership	31,050	14.8	32,675	13.1
Grants	1,750	0.8	7,325	2.9
Sales	2,327	1.1	3,126	1.3
Miscellaneous revenue	-	-	260	0.1
LHIN revenue	<u>126,548</u>	<u>60.2</u>	<u>138,256</u>	<u>55.4</u>
	<u>210,188</u>	<u>100.0</u>	<u>249,643</u>	<u>100.1</u>
<b>EXPENSES</b>				
Advertising and promotion	801	0.4	5,614	2.2
Tangible capital assets purchased	2,441	1.2	-	-
Education	6,565	3.1	13,921	5.6
Insurance	2,894	1.4	2,597	1.0
Interest and bank charges	1,197	0.6	1,163	0.5
Membership fees	200	0.1	-	-
Office and general	6,947	3.3	7,019	2.8
Production costs	175	0.1	533	0.2
Professional fees	3,262	1.6	3,647	1.5
Rent	3,600	1.7	3,600	1.4
Salaries and wages	167,252	79.6	200,026	80.1
Special projects	400	0.2	2,376	1.0
Staff development	431	0.2	320	0.1
Telephone	1,044	0.5	1,726	0.7
Travel	<u>6,548</u>	<u>3.1</u>	<u>7,922</u>	<u>3.2</u>
	<u>203,757</u>	<u>97.1</u>	<u>250,464</u>	<u>100.3</u>
<b>EXCESS OF REVENUE OVER (UNDER)</b>				
<b>EXPENSES</b>	<u>\$ 6,431</u>	<u>2.9</u>	<u>\$ (821)</u>	<u>(0.3)</u>

See accompanying notes to the financial statements



**INTERCHURCH HEALTH MINISTRIES CANADA**

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2012

CASH DERIVED FROM (APPLIED TO)	<u>2012</u>	<u>2011</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over (under) expenses	\$ <u>6,431</u>	\$ <u>(821)</u>
Changes in non-cash working capital items		
- Source deductions receivable	(648)	-
- HST receivable	328	(667)
- Accounts payable and accrued liabilities	(520)	(10,390)
- Source deductions payable	831	(8,046)
- Deferred revenue	<u>(5,889)</u>	<u>5,889</u>
	<u>(5,898)</u>	<u>(13,214)</u>
<b>INCREASE (DECREASE) IN CASH</b>	533	(14,035)
CASH, beginning of year	<u>21,735</u>	<u>35,770</u>
CASH, end of year	\$ <u>22,268</u>	\$ <u>21,735</u>

See accompanying notes to the financial statements





**INTERCHURCH HEALTH MINISTRIES CANADA****NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2012

**1. NATURE OF OPERATIONS**

Interchurch Health Ministries Canada ("the Ministry") is a non-profit organization consisting of congregations and parishes, community groups, agencies and individuals working together to promote an understanding of the relationship between faith and health among their members and the wider community. The Ministry was incorporated without share capital under the laws of the Province of Ontario as a not-for-profit organization and as such is exempt from income tax under the Income Tax Act.

**2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS**

Effective January 1, 2012, the Ministry adopted the requirements of the CICA handbook and has adopted Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO). These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out in the significant policy note have been applied in preparing the financial statements for the year ended December 31, 2012 and the comparative information presented in these financial statements for the year ended December 31, 2011.

The Ministry issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook V - Pre-changeover Accounting Standards. The adoption of ASNPO had no impact on the previously reported assets, liabilities and equity of the Ministry, and accordingly, no adjustments have been recorded in the comparative statements of financial position, of operations, changes in net assets, and cash flows. As a result, the Ministry did not include the opening balance sheet at January 1, 2011, which is the Ministry's date of transition. Certain aspects of the Ministry's presentation and disclosure included in these financial statements reflect the new presentation and disclosure requirements of ASNPO.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Ministry have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The more significant policies are as follows:

**(a) Revenue Recognition**

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



## INTERCHURCH HEALTH MINISTRIES CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (a) Revenue Recognition (continued)

LHIN revenue is recognized as revenue when the related program expenses are incurred.

Special program revenue is recognized as revenue when the expenses incurred for the program are incurred.

Education revenue is recognized when the education event is held or related expenses have been incurred.

Partnership revenue is recognized as revenue over the period of partnership which is from January 1 to December 31.

Sales are recognized as revenue at the point of sale.

## (b) Contributed Services

The Ministry depends heavily on the use of volunteers to provide services. Because of record keeping and valuation difficulties, these contributed services are not recorded in the accounts.

## (c) Financial Instruments

## Measurement of financial instrument

The Ministry initially measures its financial assets and liabilities at fair value, except for non-arm's length transactions.

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

Financial assets measured at amortized cost include cash and HST receivable.

Financial liabilities measured at amortized cost include accounts payable and deferred revenue.

The Ministry has not designated any financial asset or financial liability to be measured at fair value.



## INTERCHURCH HEALTH MINISTRIES CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (c) Financial Instruments (continued)

## Impairment of financial instrument

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting an 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 net income.

## (d) Tangible Capital Assets

The Ministry expenses tangible capital assets in the year of purchase. The major categories of tangible capital assets not recorded in the financial statements consist of computers and office equipment and furniture.

## 4. REMUNERATION OF DIRECTORS AND OFFICERS

No remuneration has been paid or is payable by the Ministry to its directors and officers, acting in those capacities.

## 5. MANAGEMENT OF CAPITAL

The Ministry defines its capital as the amounts included in its net assets. The Ministry's objective when managing its capital is to safeguard the Ministry's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to the public.

