

CHRISTEL HOUSE JAMAICA

FINANCIAL STATEMENTS

2020 DECEMBER 31

CHRISTEL HOUSE JAMAICA
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Year ended 2020 December 31

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INDEPENDENT AUDITORS' REPORT

To the members of
Christel House Jamaica

Report on the Audit of the Company's Financial Statements

Opinion

We have audited the financial statements of Christel House Jamaica, set out on pages 4 to 18, which comprise the statement of financial position as at 2020 December 31, and the statement of income and retained funds, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 2020 December 31 and of its financial performance and changes in equity and cash flows for the year ended 2020 December 31, in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs), and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) and the Jamaican Companies Act, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT

To the members of
Christel House Jamaica

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 ISA's will always detect 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 ISA's, we exercise professional judgement 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 company'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 company'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 company 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 presents a true and fair view.

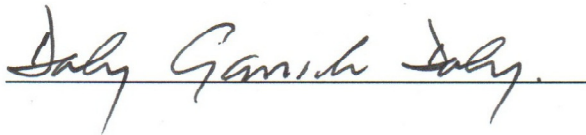
INDEPENDENT AUDITORS' REPORT

To the members of
Christel House Jamaica

We communicate with the Board of Directors 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.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.



Daly Garrick Daly

2021 April 12


CHRISTEL HOUSE JAMAICA
Statement of Financial Position
As at 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

	Notes	2020 \$	2019 \$
Assets			
Property, plant and equipment	3.1	<u>819,547,626</u>	<u>276,424,684</u>
Current assets			
Trade and other receivable	4.1	8,325,307	922,460
Cash and bank balances	4.2	<u>70,773,020</u>	<u>30,421,312</u>
		<u>79,098,327</u>	<u>31,343,772</u>
Total assets		<u>898,645,953</u>	<u>307,768,455</u>
Liabilities			
Current liability			
Trade and other payables	4.3	<u>68,022,600</u>	<u>177,320</u>
Net assets		<u>830,623,353</u>	<u>307,591,135</u>
Retained funds and equity			
Share capital	5.1	-	-
Retained funds		<u>830,623,353</u>	<u>307,591,135</u>
Total retained funds		<u>830,623,353</u>	<u>307,591,135</u>

The financial statements set out on pages 4 to 18 were approved for issue by the Board of Directors on 2021 April 12 and signed on its behalf by:


 Director


 Director

The accompanying notes form an integral part of the financial statements.

CHRISTEL HOUSE JAMAICA
Statement of Income and Retained Funds
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

	Notes	2020	2019
		\$	\$
Income and gifts from:			
Donations and Contributions	6.1	637,100,059	249,315,137
Interest income		<u>10,066</u>	<u>2,674</u>
Total		<u>637,110,125</u>	<u>249,317,811</u>
Expenditure on:			
Management & control activities		23,672,108	1,609,871
Program activities		82,550,553	8,074,329
Fundraising activities		<u>7,855,247</u>	<u>-</u>
Total		<u>114,077,908</u>	<u>9,684,200</u>
Net income for the period		523,032,218	239,633,611
Retained funds at the beginning of the period		<u>307,591,135</u>	<u>67,957,524</u>
Retained funds at the end of the period	6.2	<u>830,623,353</u>	<u>307,591,135</u>

The accompanying notes form an integral part of the financial statements.

CHRISTEL HOUSE JAMAICA
Statement of Cash Flow
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

	2020	2019
	\$	\$
Cash flows from operating activities		
Net income for the period	523,032,218	239,633,611
Depreciation	<u>6,361,644</u>	<u>-</u>
	529,393,862	239,633,611
Changes in non-cash working capital components:		
Accounts payable	67,845,280	129,128
Accounts receivable	<u>(7,402,848)</u>	<u>(921,864)</u>
Net cash inflow from operating activities	<u>589,836,294</u>	<u>238,840,875</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	<u>(549,484,586)</u>	<u>(227,419,198)</u>
Net cash outflow from investing activities	<u>(549,484,586)</u>	<u>(227,419,198)</u>
Net increase in cash and cash equivalent	40,351,708	11,421,677
Cash and cash equivalent at the start of the period	<u>30,421,312</u>	<u>18,999,634</u>
Cash and cash equivalent at end of period	<u><u>70,773,020</u></u>	<u><u>30,421,312</u></u>

The accompanying notes form an integral part of the financial statements.

CHRISTEL HOUSE JAMAICA
Notes to the financial statements
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

1.0 General information

Christel House Jamaica (The Company) is a non profit organization incorporated and domiciled in Jamaica. Its main objective is to support, promote, advocate and/or advance the rights, care, education, character, health, welfare and well being of children including but not limited to, poor, orphaned, disadvantaged and abandoned children residing within Jamaica . The charity is an affiliate of Christel House International, Inc. which was established in 1998 to support schools in India, Mexico, South Africa and the United States of America. The mission of Christel House is to give poor children the tools and training to become self-sufficient, contributory members of society.

The registered office is 48 Duke Street, Kingston CSO.

The organisation is a Registered Charitable Organisation as under Section 2 and Section 17 of the Charities Act, 2013 and as such is eligible for tax exemption or relief under the Income Tax, GCT, Property Tax, Stamp Duty, Transfer Tax, Customs Acts and the Provisional Collection of Tax (Minimum Business Tax) Order, 2014.

The registration certificate is valid for the period 5 December 2019 to 4 December 2021.

The financial statements are expressed in Jamaican Dollars.

2.0 Summary of significant accounting policies

This note provides a list of significant accounting policies adopted in the presentation of these financial statements.

2.1. Basis of preparation

The financial statements of Christel House Jamaica have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board.

The financial statements are prepared on the historical cost basis.

The preparation of the financial statements in conformity with IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 7.

CHRISTEL HOUSE JAMAICA
Notes to the financial statements
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

2.0 Summary of significant accounting policies

2.2. Property, plant and equipment and work in progress

Property, plant and equipment is stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line basis over the estimated useful life of the asset.

2.3. Cash and cash equivalent

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.4. Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2.5. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, and sales-related taxes collected on behalf of the government.

The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below.

2.6. Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

CHRISTEL HOUSE JAMAICA
Notes to the financial statements
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

3.0 Non-Financial assets and liabilities

The following notes provide information about the Company's non financial assets and liabilities, including:

- (i) Specific information about each type of non-financial asset and non-financial liability
Property, plant and equipment (Note 3.1)
- (ii) Accounting policies (Note 2)
- (iii) Information about determining the fair value of the assets and liabilities, including judgements and estimation uncertainty involved (Notes 2 and 3.1).

CHRISTEL HOUSE JAMAICA
Notes to the financial statements
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

3.1. Property, plant and equipment

	Land & Buildings	Work in Progress	Furniture & Fixtures	Equipment	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$
At cost						
2019 December 31	-	276,256,978	-	-	173,489	276,430,467
Additions during the period	519,625,194	-	4,100,148	17,882,781	7,876,464	549,484,586
Transfers	<u>259,138,978</u>	<u>(259,138,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2020 December 31	<u>778,764,172</u>	<u>17,118,000</u>	<u>4,100,148</u>	<u>17,882,781</u>	<u>8,049,953</u>	<u>825,915,053</u>
Depreciation						
2019 January 1	-	-	-	-	5,783	5,783
Charge for the year	<u>4,456,660</u>	<u>-</u>	<u>177,267</u>	<u>863,949</u>	<u>863,768</u>	<u>6,361,644</u>
2020 December 31	<u>4,456,660</u>	<u>-</u>	<u>177,267</u>	<u>863,949</u>	<u>869,551</u>	<u>6,367,427</u>
Carrying values						
2020 December 31	<u>774,307,512</u>	<u>17,118,000</u>	<u>3,922,881</u>	<u>17,018,832</u>	<u>7,180,402</u>	<u>819,547,626</u>
2019 December 31	<u>-</u>	<u>276,256,978</u>	<u>-</u>	<u>-</u>	<u>167,706</u>	<u>276,424,684</u>

CHRISTEL HOUSE JAMAICA
Notes to the financial statements
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

Property, plant and equipment cont'd

Work in progress represents costs incurred in relation to the construction of a school. The school is constructed on property owned by the Government of Jamaica and leased to Christel House Jamaica.

Donated assets

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Depreciation methods and rates

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives using the straight-line method. The depreciation rates used are as follows:

-Buildings	2.5%
-Furniture & Fixtures	14%
-Computer Equipment	20%
-Equipment	20%

The assets residual lives, useful lives and depreciation methods are reviewed and adjusted if appropriate if there is an indication of any significant change since the last reporting date.

CHRISTEL HOUSE JAMAICA
Notes to the financial statements
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

4.0 Financial assets and financial liabilities

The following notes provide information about the Company's financial assets and instruments, including:

- (i) An overview of all financial instruments held by the company
- (ii) Specific information about each type of financial instrument
- (iii) Accounting policies (Note 2)
- (iv) Information about determining the fair value of the instruments, including judgment and estimation uncertainty involved (Notes 2 and 3.1)

	Notes	Financial assets at amortized cost \$	Total \$
<u>Financial assets - 2020</u>			
Trade and other receivables	4.1	8,325,307	8,325,307
Cash and bank	4.2	<u>70,773,020</u>	<u>70,773,020</u>
		<u>79,098,327</u>	<u>79,098,327</u>
<u>Financial assets - 2019</u>			
Trade and other receivables	4.1	922,460	922,460
Cash and bank	4.2	<u>30,421,312</u>	<u>30,421,312</u>
		<u>31,343,772</u>	<u>31,343,772</u>
<u>Financial liabilities- 2020</u>			
Trade and other payables	4.3	<u>68,022,600</u>	<u>68,022,600</u>
<u>Financial liabilities- 2019</u>			
Trade and other payables	4.3	<u>177,320</u>	<u>177,320</u>

CHRISTEL HOUSE JAMAICA
Notes to the financial statements
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

4.1. Trade and other receivable

	2020	2019
	\$	\$
Other receivables	<u>8,325,307</u>	<u>922,460</u>

In the current year, other receivables include \$7,941,000 of government grants accrued. Other receivables in the prior year represents an overpayment to a supplier.

4.2. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank	<u>70,773,020</u>	<u>30,421,312</u>

Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition.

4.3. Trade and other payables

	2020	2019
	\$	\$
Accounts Payable	4,098,535	177,320
Accruals	<u>63,924,065</u>	<u>-</u>
	<u>68,022,600</u>	<u>177,320</u>

CHRISTEL HOUSE JAMAICA

Notes to the financial statements

Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

5.0 Equity

5.1. Share capital

The Company is limited by guarantee without a share capital.

CHRISTEL HOUSE JAMAICA
Notes to the financial statements
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

6.0 Income and expenses

6.1. Donations and Contributions

	2020	2019
	\$	\$
Contributions	636,616,306	249,315,137
Donated goods	<u>483,753</u>	<u>-</u>
	<u><u>637,100,059</u></u>	<u><u>249,315,137</u></u>

(a) Donations received are recorded as unrestricted or restricted depending on the substance and nature of any donor restrictions.

(b) Donated goods are measured at fair value. The values were determined by management based upon average prices of similar items.

6.2 Net surplus

The following items have been (credited) / charged in arriving at the net surplus for the year:

	2020	2019
	\$	\$
Depreciation	6,361,644	-
Audit fees	<u>700,000</u>	<u>675,000</u>

CHRISTEL HOUSE JAMAICA
Notes to the financial statements
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

7.0 Risk

This section of the notes discusses the Company's exposure to various risks and shows how these could affect the Company's financial position and performance.

- Critical estimates, judgements and errors

7.1 Critical estimates, judgements and error

The preparation of financial statements in conformity with the IFRS for SMEs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical accounting judgments

Management has not made any judgment that would be considered critical to the amounts recognised in the financial statements.

Critical accounting estimates and assumptions

Management has not made any key assumptions concerning the future or key sources of estimation uncertainty at the end of the reporting period that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

CHRISTEL HOUSE JAMAICA
Notes to the financial statements
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

8.0 Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements.

8.1 Related party transactions

(a) The following transactions were carried out with related parties:

Donations and Contributions received

	2020	2019
	\$	\$
Christel House International Inc.	<u>628,575,306</u>	<u>248,374,132</u>

(b) Key management compensation

Key management include the Board of Directors (executive and non-executive), all members of management and the company secretary. The compensation paid or payable to key management for employment services is shown below:

	2020	2019
	\$	\$
Salaries	<u>9,724,000</u>	<u>-</u>

CHRISTEL HOUSE JAMAICA
Notes to the financial statements
Year ended 2020 December 31

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

9.0 Unrecognized items

This note provides information about items that are not recognized in these financial statements as they do not yet satisfy the recognition criteria.

9.1. Commitments

(a) Operating leases

The property on which the Company is constructing the school has been leased from the Government of Jamaica under a 99 year lease.

Future minimum lease payments under non cancelable operating leases are as follows:

	2020	2019
	\$	\$
No later than one year	12,000	12,000
Later than one year and no later than five years	60,000	60,000
Later than five years	<u>1,080,000</u>	<u>1,092,000</u>
	<u><u>1,152,000</u></u>	<u><u>1,164,000</u></u>

INDEPENDENT AUDITORS' REPORT

To the Directors of
Christel House Jamaica

ADDITIONAL INFORMATION

The additional information presented on page 20 - 21 has been taken from the accounting records of the company and has been subjected to the tests and other auditing procedures applied in our examination of the financial statements of the company for year ended 2020 December 31.

In our opinion, the said information is fairly presented in all material respects in relation to the financial statements taken as a whole although it is not necessary for a fair presentation of the state of affairs of the company at 2020 December 31, or of the surplus or cash flows for the year then ended.


CHARTERED ACCOUNTANTS

Unit 10a, Office Block
The Trade Centre
30-32 Red Hills Road
Kingston 10.

2021 April 12

CHRISTEL HOUSE JAMAICA**Schedule of expenses****Year ended 2020 December 31**

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

	2020	2019
	\$	\$
PROGRAM EXPENSES		
Salaries and other related costs	28,082,283	3,194,026
Staff welfare and contract labour	423,890	-
Transportation	2,743,000	-
Recruiting	219,137	281,552
Course materials and other office supplies	21,907,125	387,167
Insurance	3,416,198	-
Software related expenses	1,597,500	-
Advertising & promotion	207,096	113,760
General & other expense	1,150,414	116,470
Professional fees	75,000	3,118,702
Nutrition & Student Welfare	11,221,962	-
Meals and accomodation	196,172	844,869
Repairs & maintenance	707,000	-
Security	1,571,003	-
Utilities	2,788,497	-
Lease	12,000	12,000
Depreciation	<u>6,232,276</u>	<u>5,783</u>
TOTAL	<u>82,550,553</u>	<u>8,074,329</u>
ADMINISTRATIVE EXPENSES		
MANAGEMENT & CONTROL		
Salaries & other related expenses	7,451,619	-
Staff welfare	87,881	-
Contract labour	1,049,952	-
Translation adjustment	7,448,400	549,860
Office expenses	2,704,674	-
Professional fees	2,181,218	879,362
Insurance	1,281,224	-
Advertising & promotion	27,000	-
Meals & entertainment	121,000	32,779
Security	417,175	-
Utilities	340,020	-
Bank charges & interest	295,809	139,610
Other Expenses	152,696	8,260
Depreciation	<u>113,440</u>	<u>-</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>23,672,108</u>	<u>1,609,871</u>

CHRISTEL HOUSE JAMAICA**Schedule of Expenses****Year ended 2020 December 31**

(All amounts are expressed in Jamaican dollars unless otherwise indicated)

	2020	2019
OPERATING EXPENSES		
FUNDRAISING		
Salaries & other related costs	5,473,246	-
Insurance	1,281,224	-
General Expenses	548,453	-
Security	196,375	-
Utilities	340,020	-
Depreciation	<u>15,929</u>	<u>-</u>
TOTAL	<u>7,855,247</u>	<u>-</u>
TOTAL EXPENSES	<u>114,077,908</u>	<u>9,684,200</u>