

**Canadian Humanitarian**  
**Financial Statements**  
*March 31, 2020*

## Independent Auditor's Report

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To the Board of Canadian Humanitarian:

### Qualified Opinion

We have audited the financial statements of Canadian Humanitarian (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in 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, 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 the Organization as at March 31, 2020, 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

As is common for charitable organizations, the Organization derives revenue from the public in the form of cash receipts and incurs related cash expenditures. Due to the inability to have sufficient internal control procedures in this area, the completeness of these transactions is not susceptible to satisfactory audit verification. Accordingly our verification of these revenues and expenditures were limited to the amounts recorded in the records of the Organization and we were unable to determine if further adjustments were required.

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 qualified opinion.

### Responsibilities of Management 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.

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.

Medicine Hat, Alberta

August 24, 2020

*MNP LLP*

Chartered Professional Accountants

# Canadian Humanitarian Statement of Financial Position

As at March 31, 2020

	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash		
Restricted cash	62,371	51,434
Accounts receivable (Note 3)	58,963	34,884
Prepaid expenses and deposits	2,622	10,190
Notes receivable (Note 4)	3,469	4,721
	-	38,950
	127,425	140,179
<b>Capital assets (Note 5)</b>	9,726	18,939
<b>Investments</b>	-	340
	137,151	159,458
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	3,673	7,862
<b>Deferred contributions (Note 6)</b>	58,963	34,884
	62,636	42,746
<b>Subsequent event (Note 10)</b>		
<b>Net Assets</b>	74,515	116,712
	137,151	159,458

Approved on behalf of the Board of Directors

Director  by Richard Northcott

Director

The accompanying notes are an integral part of these financial statements



# Canadian Humanitarian

## Statement of Operations

For the year ended March 31, 2020

	2020	2019
<b>Revenue</b>		
Fundraising	443,741	419,202
Contributions	288,762	214,082
Expedition income	175,088	106,609
Grant revenue	-	89,486
	907,591	829,379
<b>Expenses</b>		
Programs and projects	505,097	469,671
Expeditions	177,115	111,665
Fundraising	84,652	77,312
Bad debts	44,795	-
Salaries and benefits	40,954	70,678
Computer	27,234	22,287
Online donation fees	15,453	14,843
Professional fees	13,010	6,300
Rent	11,400	11,400
Insurance	9,346	6,082
Amortization	9,213	9,213
Office	7,605	8,416
Telephone	1,918	1,862
Utilities	1,553	1,412
Bank charges and interest	567	240
Advertising	88	2,583
Miscellaneous	4	-
Training and education	-	215
	950,004	814,179
<b>Excess (deficiency) of revenue over expenses before other items</b>	(42,413)	15,200
<b>Other items</b>		
Interest income	595	1,169
Foreign exchange gain (loss)	(379)	135
	216	1,304
<b>Excess (deficiency) of revenue over expenses</b>	(42,197)	16,504

The accompanying notes are an integral part of these financial statements

**Canadian Humanitarian**  
**Statement of Changes in Net Assets**  
*For the year ended March 31, 2020*

	2020	2019
Net assets, beginning of year	116,712	100,208
Excess (deficiency) of revenue over expenses	(42,197)	16,504
Net assets, end of year	74,515	116,712

*The accompanying notes are an integral part of these financial statements*

**Canadian Humanitarian**  
**Statement of Cash Flows**  
*For the year ended March 31, 2020*

	2020	2019
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	(42,196)	16,504
Amortization	9,213	9,213
Bad debts	44,795	-
	11,812	25,717
Changes in working capital accounts		
Accounts receivable	1,723	(3,589)
Prepaid expenses and deposits	1,252	2,106
Accounts payable and accruals	(4,189)	(1,074)
Deferred revenue	24,078	(128)
	34,676	23,032
<b>Investing</b>		
Purchase of capital assets	-	(2,052)
Proceeds on disposal of investments	340	-
	340	(2,052)
<b>Increase in cash resources</b>	35,016	20,980
<b>Cash resources, beginning of year</b>	86,318	65,338
<b>Cash resources, end of year</b>	121,334	86,318
<b>Cash resources are composed of:</b>		
Cash	62,371	51,434
Restricted cash total	58,963	34,884
	121,334	86,318

*The accompanying notes are an integral part of these financial statements*

**1. Incorporation and nature of the organization**

Canadian Humanitarian (the "Organization") was incorporated under the authority of the Non-Profit Corporations Act of Canada and is a registered charity; and thus is exempt from income taxes under the provisions the Income Tax Act ("the Act").

The Organization's purpose is to provide the basic necessities of life such as nutrition, shelter, health care, and education to disadvantaged children around the world.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Investments***

Other investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as long-term assets in concurrence with the nature of the investment.

***Capital assets***

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Website

**Rate**  
4 years

***Revenue recognition***

The Organization follows the deferral method of accounting for contributions. Restricted contributions 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.

***Contributed materials***

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Organization's operations and would otherwise have been purchased.

***Foreign currency translation***

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the average rates of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of excess of revenue over expenses.



**Canadian Humanitarian**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

2. **Significant accounting policies** *(Continued from previous page)*

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable, and notes receivable due from related entities are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of capital assets is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. **Accounts receivable**

	2020	2019
Accrued interest receivable from EDEN AIC	-	5,311
GST receivable	2,622	4,879
	<u>2,622</u>	<u>10,190</u>

4. **Notes receivable**

	2020	2019
Promissory note #1, written off in current year.	-	3,000
Promissory note #2, written off in current year.	-	350
Promissory note #3, written off in current year.	-	100
Promissory note #4, written off in current year.	-	20,000
Promissory note #5, written off in current year.	-	5,000
Promissory note #6, written off in current year.	-	7,000
Promissory note #7, written off in current year.	-	3,500
	<u>-</u>	<u>38,950</u>

All notes are receivable from EDEN Angel Investment Corporation (EDEN AIC) which is a related party. See note 7 for more details.

**Canadian Humanitarian**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2020*

**5. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>	<i>2019 Net book value</i>
Website	36,852	27,126	9,726	18,939

**6. Deferred contributions**

Deferred contributions consist of unspent contributions for future expeditions, projects and fundraising activities.

	<i>2020</i>	<i>2019</i>
Expeditions and Fundraising		
Not 15 million	15,887	19,478
Nunya	-	666
RHD Project	2,610	2,610
MCIC Empowering Girls Grant	12,130	12,130
MCIC Empowering Youth Grant	19,990	-
	8,346	-
	58,963	34,884

**7. Related party transactions**

EDEN Angel Investment Corporation is a corporation that is partially owned by the Board Chair of Canadian Humanitarian.

Individuals donated monies to Canadian Humanitarian specifically for the Organization to advance the funds to EDEN AIC for the purpose of setting up Social Businesses. These monies were advanced to EDEN AIC to set up businesses in Uganda.

During the year, the Organization received payments from EDEN AIC of promissory notes in the amount of \$0 (2019 - \$0). The Organization also collected interest from EDEN AIC in the amount of \$0 (2019 - \$0) relating to the promissory notes.

The promissory notes and accrued interest receivable from EDEN AIC were recorded as bad debt in the current year as the social businesses did not succeed.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**8. Commitments**

The Organization has entered into a lease agreement for rental of an office space for \$950 per month. The lease ends April of 2020.

**9. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Liquidity risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources and accounts payable.

***Foreign currency risk***

Foreign 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. Foreign denominated amounts at March 31, 2020 were as follows:

	<b>2020</b>	<b>2019</b>
	<b>CAD\$</b>	<b>CAD\$</b>
US Dollar bank account	<b>74</b>	2,056
Kids Hope Ethiopia USD	<b>549</b>	1,523

**10. Subsequent event**

In March 2020, the global outbreak of COVID-19 continued, which has had a significant impact on organizations through the restrictions put in place by Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent the impact of COVID-19 outbreak may have had on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**11. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.