Canadian Humanitarian
Financial Statements
March 31, 2022

Independent Auditor's Report

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, 2022, 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, 2022, 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 with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenses and cash flows from operations for the years ended March 31, 2021 and March 31, 2020, current assets as at March 31, 2021 and March 31, 2020, and net assets as at April 1, 2020 and March 31, 2021 and April 1, 2019 and March 31, 2020. The prior year's audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this.

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.

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

MNP LLP

August 4, 2022

Chartered Professional Accountants

Canadian Humanitarian
Statement of Financial Position
As at March 31, 2022

	2022	*2021*
Assets		
Current		
Cash	**187,012**	63,624
Restricted cash	**144,773**	58,963
Accounts receivable *(Note 3)*	**13,438**	575
Prepaid expenses and deposits	**-**	3,470
	345,223	126,632
Tangible capital assets *(Note 4)*	**6,347**	10,034
	351,570	136,666
Liabilities		
Current		
Accounts payable and accruals *(Note 5)*	**21,062**	9,595
Long-term debt *(Note 6)*	**40,000**	40,000
Deferred contributions	**144,773**	58,963
	205,835	108,558
Net Assets		
Unrestricted	**139,388**	18,074
Invested in tangible capital assets	**6,347**	10,034
	145,735	28,108
	351,570	136,666

Approved on behalf of the Board of Directors

Director

The accompanying notes are an integral part of these financial statements

Canadian Humanitarian
Statement of Operations
For the year ended March 31, 2022

	2022	*2021*
Revenue		
Fundraising	**421,792**	249,629
Grant revenue	**260,441**	65,450
Contributions	**281,127**	292,892
Expedition income	**-**	1,800
	963,360	609,771
Expenses		
Programs and projects	**592,494**	476,533
Salaries and benefits	**129,732**	53,670
Fundraising	**44,791**	29,412
Professional fees	**23,346**	22,998
Expeditions	**18,968**	12,364
Computer	**12,669**	32,908
Insurance	**12,137**	11,371
Rent	**9,569**	21,400
Office	**6,216**	22,226
Online donation fees	**5,979**	7,352
Bank charges and interest	**5,018**	992
Amortization	**3,687**	12,387
Telephone	**2,341**	2,006
Utilities	**1,406**	1,475
Miscellaneous	**1,297**	1,552
Advertising	**480**	-
	870,130	708,646
Excess (deficiency) of revenue over expenses before other items	**93,230**	(98,875)
Other items		
Foreign exchange gain (loss)	**12,499**	262
Government assistance *(Note 10)*	**11,898**	52,205
Interest income	**-**	1
	24,397	52,468
Excess (deficiency) of revenue over expenses	**117,627**	(46,407)

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, 2022

	Unrestricted	*Invested in tangible capital assets*	***2022***	*2021*
Net assets, beginning of year	18,074	10,034	**28,108**	74,515
Excess (deficiency) of revenue over expenses	117,627	-	**117,627**	(46,407)
Amortization of tangible capital assets	3,687	(3,687)	**-**	-
Net assets, end of year	**139,388**	**6,347**	**145,735**	28,108

The accompanying notes are an integral part of these financial statements

Canadian Humanitarian
Statement of Cash Flows
For the year ended March 31, 2022

	2022	*2021*
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**117,627**	(46,407)
Amortization	**3,687**	12,387
Forgivable portion of CEBA loan	**-**	(20,000)
	121,314	(54,020)
Changes in working capital accounts		
Accounts receivable	**(12,863)**	2,047
Prepaid expenses and deposits	**3,469**	-
Accounts payable and accruals	**11,468**	5,921
	123,388	(46,052)
Financing		
Advances of long-term debt	**-**	60,000
Investing		
Purchase of tangible capital assets	**-**	(12,695)
Increase in cash resources	**123,388**	1,253
Cash resources, beginning of year	**63,624**	62,371
Cash resources, end of year	**187,012**	63,624

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 of 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.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Organization's operations were impacted by COVID-19 due to the implemented quarantine and travel restrictions which reduced the ability of the Organization to fundraise and provide their goods and services to various parts of the world. The restrictions imposed on travel led to a decrease in both funding and the associated expenses in these areas.

The impact of COVID-19 has been partially offset by available Government programs for which the Organization was eligible. The Organization has received wage and rent subsidies from April 2020 to the date of completion of these financial statements. Further details of these programs is described in Note 10 Government assistance. Eligibility requirements under these programs has evolved since first announced and can be subject to changes in legislation or administrative positions, further, there is significant uncertainty of the period of time into the future that the Government will continue these programs.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have 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 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. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced expedition funding and donations and limited cross border travel, all of which may negatively impact the Organization's operations and financial condition.

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. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible 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.

	Rate
Website	4 years

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

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The asset is also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Unrestricted net assets

Unrestricted net assets represents the equity the Organization has for regular operating activities that has not been internally or externally restricted. Amounts reported in invested in tangible capital assets are also excluded from unrestricted net assets.

Invested in tangible capital assets

Investment in tangible capital assets represents the equity the Organization has invested in tangible capital assets. The balance is used to account for all tangible capital assets of the Organization, and to present the flow of funds related to their acquisition and disposal, unexpended capital resources, and debt commitments.

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.

Government assistance

Claims for business assistance under various government grant programs related to COVID-19 for wages and rent are recorded as revenue in the period in which the related expenditures were made, the amount is known, and collection is assured.

During the year, the Organization received the Canada Emergency Business Account (CEBA) loan which was introduced in response to the COVID-19 pandemic. It provides funds to cover eligible non-deferrable expenditures by way of a non-interest bearing loan which is partially forgivable if the repayable portion is repaid by the imposed deadline. If the Organization does not meet the conditions for forgiveness, the full balance will be repayable. For further details on the CEBA loan, see Note 6.

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. During the year $30,008 ($4,414 in 2020) of supplies and fundraising materials was received or recognized for Organizational programs.

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.

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 are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of tangible capital assets is based on the estimated useful lives of tangible 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.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year, therefore all financial instruments are reported at amortized cost.

The Organization's financial assets consist of cash measured at fair value, and accounts receivable measured at amortized cost. The Organization's financial liabilities consist of accounts payable and long-term debt measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment:

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenues over expenses in the year the reversal occurs.

3. Accounts receivable

	2022	2021
GST receivable	**1,203**	575
FIT grant receivable	**12,235**	-
	13,438	575

4. Tangible capital assets

	Cost	**Accumulated amortization**	**2022 Net book value**	2021 Net book value
Website	**49,547**	**43,200**	**6,347**	10,034

5. Accounts payable and accruals

	2022	2021
Trade payables and accruals	**17,047**	8,387
Source deductions	**4,015**	1,208
	21,062	9,595

6. Long-term debt

	2022	2021
CEBA loan	**40,000**	40,000

Canada Emergency Business Account (CEBA) bearing no interest until December 31, 2022. Recognized net of forgivable portion of $20,000, which has been recognized as government assistance. If the repayable portion of principal is not repaid by December 31, 2022, the forgivable portion will not be forgiven and the full balance of $60,000 will be due on December 31, 2025, bearing interest at 5% per annum from January 1, 2023.

Repayment expected to occur are as follows:

2024	40,000

7. Deferred contributions

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

Included in restricted cash are funds received from the various funders noted below. Spending of these amounts is restricted to certain expenses as agreed to between the Organization and the funder.

	2022	*2021*
Expeditions and Fundraising		
Opening Balance	**15,887**	15,887
Funds spent during the year	**(15,887)**	-
Ending Balance	**-**	15,887
Nunya		
Opening Balance	**2,610**	2,610
Additional funds received	**57,334**	-
Funds spent during the year	**(2,610)**	-
Ending Balance	**57,334**	2,610
RHD Project		
Opening Balance	**12,130**	12,130
Funds spent during the year	**(12,130)**	-
Ending Balance	**-**	12,130
MCIC Empowering Girls Grant		
Opening Balance	**19,990**	19,990
Funds spent during the year	**(19,990)**	-
Ending Balance	**-**	19,990
MCIC Empowering Youth Grant		
Opening Balance	**8,346**	8,346
Funds spent during the year	**(8,346)**	-
Ending Balance	**-**	8,346
FIT Grant		
Additional funds received	**244,235**	-
Funds spent during the year	**(156,796)**	-
Ending Balance	**87,439**	-
	144,773	58,963

8. Commitments

The Organization has entered into a lease agreement for rental of an office space for $478 per month. The lease ends June of 2023.

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, 2022 were as follows:

	2022 ***CAD$***	*2021* *CAD$*
US Dollar bank account	**66,683**	945
Kids Hope Ethiopia USD	**-**	486

10. Government assistance

In response to the global outbreak of COVID-19, the federal Government of Canada introduced the Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Rent Subsidy (CERS) programs to help organizations retain their employees and properties. These subsidies require complex calculations to determine the eligibility and amounts of the subsidy. At the date of release of these statements, there is uncertainty around the Government of Canada's review process with regards to these programs and it is possible that amounts claimed could be adjusted and require repayment in the future. As at the release of these financial statements, the Organization has received $10,448 ($29,626 in 2021) of wage subsidies and $1,450 ($2,579 in 2021) of rent subsidies related to this period.

In the prior year, the Organization received $60,000 for the Canada Emergency Business Account and reported $20,000 through debt forgiveness (Note 6).