

Human Concern International



Financial Statements

For the year ended March 31, 2017



Human Concern International
Financial Statements
For the year ended March 31, 2017

Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7
Notes to Financial Statements	10

Human Concern International Statement of Financial Position

March 31 2017 2016

Assets

Current

Cash (Note 1)	\$ 4,208,684	\$ 4,583,965
Accounts receivable (Note 2)	124,965	84,747
Prepaid expenses	19,186	40,307

	4,352,835	4,709,019
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Investments (Note 3)

	410,190	383,116
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Capital works

	26,858	663,243
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Tangible capital assets (Note 4)

	1,065,357	485,318
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	\$ 5,855,240	\$ 6,240,696
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 5)	\$ 256,161	\$ 415,943
Deferred contributions (Note 6)	228,032	222,446

	484,193	638,389
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Net assets

Net assets internally restricted for tangible capital assets (Note 4)	1,092,215	1,148,561
Net assets restricted for endowment purposes	6,000	6,000

Undistributed net assets	4,272,832	4,447,746
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	5,371,047	5,602,307
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	\$ 5,855,240	\$ 6,240,696
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On behalf of the Board:



Director



Director

2019-09-10

Human Concern International Statement of Changes in Net Assets

For the year ended March 31

2017

2016

	Internally Restricted for Capital Assets	Endowment	Undistributed	Total	Total
Balance, beginning of year	\$ 1,148,561	\$ 6,000	\$ 4,447,746	\$ 5,602,307	\$ 4,892,418
Excess (deficiency) of revenue over expenses for the year	(72,230)	-	(159,030)	(231,260)	709,889
Investment in capital assets	15,884	-	(15,884)	-	-
Balance, end of year	\$ 1,092,215	\$ 6,000	\$ 4,272,832	\$ 5,371,047	\$ 5,602,307

Human Concern International Statement of Operations

For the year ended March 31	2017	2016
Revenue		
Donations (Note 7)	\$ 5,579,330	\$ 7,848,616
Rental Income	15,910	29,586
Gain (loss) on foreign exchange	33,944	(11,991)
Investment Income	27,274	19,147
Other	11,195	8,023
	5,667,653	7,893,381
Donations disbursed	4,611,929	6,002,956
	1,055,724	1,890,425
Expenses		
Amortization of tangible capital assets	72,230	39,446
Audit fees	9,525	9,071
Bank charges	20,100	23,256
Dues and subscriptions	4,006	3,489
Fundraising and promotion	483,290	483,959
Insurance	10,101	10,452
Legal and consulting fees	39,939	33,756
Office administration	424,123	469,766
Property taxes	10,423	3,974
Repairs and maintenance	95,794	41,045
Telephone and communications	39,830	19,269
Travel	53,039	19,050
Utilities	24,584	24,003
	1,286,984	1,180,536
Excess (deficiency) of revenue over expenses for the year	\$ (231,260)	\$ 709,889

Human Concern International Statement of Cash Flows

For the year ended March 31	2017	2016
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ (231,260)	\$ 709,889
Adjustments for		
Amortization of tangible capital assets	72,230	39,446
	(159,030)	749,335
Changes in non-cash working capital items		
Accounts receivable	(40,218)	(4,978)
Prepaid expenses	21,121	(29,702)
Accounts payable and accrued liabilities	(159,782)	308,021
Deferred revenue	5,586	(856,477)
	(332,323)	166,199
Cash flows from investing activities		
Purchase of tangible capital assets	(15,884)	(9,710)
Net decrease (increase) in investments	(27,074)	3,693
	(42,958)	(6,017)
Increase (decrease) in cash during the year	(375,281)	160,182
Cash, beginning of year	4,583,965	4,423,783
Cash, end of year	\$ 4,208,684	\$ 4,583,965

Human Concern International Summary of Significant Accounting Policies

March 31, 2017

Nature of Business

Human Concern International is an international humanitarian organization raising and distributing funds to help relief victims in third-world countries. The organization is incorporated under the Canada Corporations Act as a not-for-profit organization, is a registered charity and is exempt from income taxes under the Income Tax Act.

These financial statements includes the operations of affiliate offices in Pakistan and Afghanistan.

There are separately incorporated not-for-profit entities in East Africa and Lebanon that operate under the name "Human Concern International". The corporation uses these entities as agents and project managers for donations disbursed. These financial statements do not include the assets, liabilities, net assets, revenue and expenses of these foreign entities.

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The organization's estimates relate to provision for doubtful receivables and estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are financial assets or liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial assets.

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions which are measured at the exchange amount.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets and financial liabilities measured at amortized cost include cash, investments not traded in an active market, accounts receivable, accounts payable and accrued liabilities.

Human Concern International Summary of Significant Accounting Policies

March 31, 2017

Financial Instruments (continued)

Impairment

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

Transaction costs

The organization recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Canada

Building	30 years straight-line basis
Building improvements	5 years straight-line basis
Computer equipment	3 years straight-line basis
Furniture and equipment	5 years straight-line basis
Vehicle	3 years straight-line basis

International

Building	5% declining balance basis
Electrical equipment	15% declining balance basis
Computer equipment	33% declining balance basis
Furniture and equipment	25% declining balance basis
Vehicle	25% declining balance basis

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. Endowment contributions are recognized as direct increases in net assets. 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.

Unrestricted investment income is recognized as revenue when earned. Investment income earned on endowments is unrestricted. Fair value changes for investments are recorded as investment income or loss and recognized as revenue or expense in the statement of operations.

Human Concern International Summary of Significant Accounting Policies

March 31, 2017

Foreign Currency	<p>Transactions during the year in U.S. dollars and Pakistan Rupees have been converted in the accounts to Canadian dollars at the exchange rate effective on the transaction date. All monetary assets in U.S. dollars and Pakistan Rupees have been converted to Canadian dollars at the exchange rates in effect at March 31, 2017. Losses resulting therefrom are included in the determination of excess of revenue over expenses for the year.</p> <p>Transactions during the year in Pakistan rupees have been converted in the accounts to Canadian dollars at the average exchange rate for the fiscal year. All monetary assets in Pakistan rupees have been converted to Canadian dollars at the exchange rates in effect at March 31, 2017. Gains or losses resulting therefrom are included in the determination of excess of revenue over expenses for the year.</p>
Donated Services	<p>The work of the organization is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the organization and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.</p>
Donations in Kind	<p>Donations received in kind are recorded at fair market value, as agreed upon by donors and management. When the supplies donated are distributed, they are recorded as donations disbursed at equivalent value.</p>
Internally Restricted for Tangible Capital Assets	<p>Net assets internally restricted for capital assets represents net assets that have been used to purchase capital assets.</p>
Restricted for Endowment	<p>Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently.</p>
Undistributed Net Assets	<p>Undistributed net assets represent unspent non-designated contributions accumulated over the life of the organization.</p>

Human Concern International Notes to Financial Statements

March 31, 2017

1. Cash

The organization's bank accounts are held at one chartered bank. Bank balances include \$185,127 (2016 - \$135,534) denominated in U.S. dollars and Rs 8,781,137 (2016 - Rs 13,518,344) denominated in Pakistan rupees.

2. Accounts Receivable

	2017	2016
GST/HST receivable	\$ 71,213	\$ 45,009
Other	53,752	39,738
	\$ 124,965	\$ 84,747

Accounts receivable includes Rs 721,391 (2016 - Rs 1,667,439) denominated in Pakistan rupees.

3. Investments

	2017	2016
Islamic Co-operative Housing Corporation Ltd.	\$ 110,980	\$ 107,180
Investia Financial	62,439	54,552
Investors Group	148,081	136,814
Scotiabank GIC	10,456	10,000
BMO Nesbitt Burns	78,234	74,570
	\$ 410,190	\$ 383,116

The organization's investments with Investia Financial, Investors Group and BMO Nesbitt Burns consists of units in various mutual funds and are measured at fair value. The investment with Scotiabank is a GIC earning 0.900% interest.

There is no quoted market value for the shares in the Islamic Co-operative Housing Corporation Ltd. therefore this investment is recorded at cost plus accumulated invested dividends.

Human Concern International Notes to Financial Statements

March 31, 2017

4. Tangible Capital Assets

	2017			2016		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
<u>Canada</u>						
Land	\$ 200,000	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ 200,000
Building	306,117	244,510	61,607	306,117	234,306	71,811
Building improvements	42,888	33,579	9,309	42,888	28,925	13,963
Computer equipment	82,441	79,731	2,710	79,479	78,256	1,223
Furniture and equipment	59,486	56,679	2,807	55,974	53,751	2,223
<u>International</u>						
Leasehold land	1,331	-	1,331	1,331	-	1,331
Building	827,614	75,663	751,951	181,819	32,000	149,819
Furniture and equipment	71,359	57,948	13,411	71,359	54,637	16,722
Computer equipment	10,229	9,746	483	10,229	9,633	596
Electrical equipment	4,914	2,694	2,220	4,914	2,309	2,605
Vehicles	121,536	102,008	19,528	121,536	96,511	25,025
	\$ 1,727,915	\$ 662,558	\$ 1,065,357	\$ 1,075,646	\$ 590,328	\$ 485,318

5. Accounts Payable and Accrued Liabilities

	2017	2016
Trade payables and salary accruals	\$ 249,124	\$ 407,087
Government remittances payable	7,037	8,856
	\$ 256,161	\$ 415,943

Trade payables and salary accruals includes Rs 12,956,861 (2016 - Rs 14,662,627) denominated in Pakistan rupees.

Human Concern International Notes to Financial Statements

March 31, 2017

6. Deferred Contributions

Deferred contributions represent amounts received during the year restricted for specific projects that will be spent in the subsequent year.

	2017	2016
Balance, beginning of year	\$ 222,446	\$ 1,078,923
Amounts received during the year	261,581	222,446
Recognized as revenue during the year	(255,995)	(1,078,923)
Balance, end of year	\$ 228,032	\$ 222,446

7. Non-Cash Donations

Donation receipts and donations disbursed include \$nil of donations received in kind (2016 - \$nil).

8. Commitments

The organization has leased office equipment through various operating leases that will expire in April 2019.

The minimum annual lease payments for the next two years are as follows:

2018	\$ 1,308
2019	\$ 1,308

9. Risk and Concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at March 31, 2017.

Market risk

Market risk is the risk that changes in market prices and interest rates will affect the organization's excess of revenue over expenses or the value of financial instruments. These risks are generally outside the control of the organization. The objective of the organization is to mitigate market risk exposures within acceptable limits, while maximizing returns.

**Human Concern International
Notes to Financial Statements**

March 31, 2017

9. **Risk and Concentrations** (continued)

Foreign currency risk

The organization has cash, accounts receivable and accounts payable denominated in US dollars and other foreign currencies. The carrying value of these items may change due to fluctuations in foreign exchange rates.

Changes in Risk

There have been no significant changes in the organization's risk exposures from the 2016 fiscal year.
