

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Financial Statements

Year Ended December 31, 2016

(Unaudited)



LOCKWOOD DOYLE
PROFESSIONAL CORPORATION

CHARTERED PROFESSIONAL ACCOUNTANTS

REVIEW ENGAGEMENT REPORT

To the Members of Hearts and Hands Foundation for Humanitarian Assistance

We have reviewed the statement of financial position of Hearts and Hands Foundation for Humanitarian Assistance as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the foundation.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Canmore, AB

June 19, 2017

Lockwood Doyle Professional Corporation

Chartered Professional Accountants

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Statement of Financial Position

December 31, 2016

(Unaudited)

| | 2016 | 2015 |
|--|------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 96,316 | \$ 124,946 |
| Other receivables | 1,725 | - |
| Goods and services tax recoverable | 421 | 629 |
| Prepaid expenses | 92 | 17,748 |
| | <u>\$ 98,554</u> | <u>\$ 143,323</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable | \$ 1,995 | \$ 1,943 |
| Deferred contributions <i>(Note 3)</i> | 58,716 | 92,103 |
| | <u>60,711</u> | <u>94,046</u> |
| NET ASSETS | | |
| Unrestricted | <u>37,843</u> | <u>49,277</u> |
| | <u>\$ 98,554</u> | <u>\$ 143,323</u> |

On behalf of the Board

Director

Director

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Statement of Operations

Year Ended December 31, 2016

(Unaudited)

| | 2016 | 2015 |
|---|--------------------|-------------------|
| REVENUES | | |
| Unrestricted donations | \$ 7,973 | \$ 8,781 |
| Restricted donations | 141,256 | 164,177 |
| Fundraising | 15,017 | 15,121 |
| Interest income | 495 | 490 |
| | <u>164,741</u> | <u>188,569</u> |
| EXPENSES | | |
| Advertising and promotion | 31 | 382 |
| Fundraising expenses | 5,886 | 6,146 |
| Insurance | 1,103 | 1,050 |
| Interest and bank charges | 620 | 649 |
| Office and general | 748 | 808 |
| Professional fees | 1,948 | 1,896 |
| Sub-contracts | 18,185 | 18,592 |
| Travel | - | 93 |
| | <u>28,521</u> | <u>29,616</u> |
| EXCESS OF REVENUE OVER EXPENSES BEFORE DONATIONS | 136,220 | 158,953 |
| DONATIONS | (147,654) | (168,574) |
| DEFICIENCY OF REVENUE OVER DISBURSEMENTS | \$ (11,434) | \$ (9,621) |

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Statement of Changes in Net Assets

Year Ended December 31, 2016

(Unaudited)

| | Unrestricted | Restricted | 2016 | 2015 |
|--|--------------|------------|-----------|-----------|
| Net assets - beginning of year | \$ 49,277 | \$ - | \$ 49,277 | \$ 58,898 |
| Deficiency of revenue over disbursements | (11,434) | - | (11,434) | (9,621) |
| Net assets - end of year | \$ 37,843 | \$ - | \$ 37,843 | \$ 49,277 |

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE**Statement of Cash Flows****Year Ended December 31, 2016***(Unaudited)*

| | 2016 | 2015 |
|---|--------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenue over disbursements | \$ (11,434) | \$ (9,621) |
| Changes in non-cash working capital: | | |
| Other receivables | (1,725) | - |
| Accounts payable | 53 | (4,867) |
| Deferred income | (33,387) | (5,084) |
| Prepaid expenses | 17,655 | (6,546) |
| GST receivable | 208 | (139) |
| | (17,196) | (16,636) |
| Cash flow used by operating activities | (28,630) | (26,257) |
| INVESTING ACTIVITY | | |
| Proceeds from investments, net | - | 30,300 |
| INCREASE (DECREASE) IN CASH FLOW | (28,630) | 4,043 |
| Cash and cash equivalents - beginning of year | 124,946 | 120,903 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 96,316 | \$ 124,946 |

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Notes to Financial Statements

Year Ended December 31, 2016

(Unaudited)

1. NATURE OF OPERATIONS

The Hearts and Hands Foundation for Humanitarian Assistance (the Foundation) was incorporated on January 24, 2005 under the Alberta Societies Act to provide funds for the implementation of sustainable projects and programs to improve health and educational standards in developing countries. The Foundation is a registered charity under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term investments with original maturities of less than 90 days.

Revenue recognition

The Foundation 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 easily estimated and collection is reasonably assured.

Tangible capital assets

Tangible capital assets are expensed on acquisition.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Income taxes

The Foundation is a not-for-profit organization and is therefore exempt from income taxes.

Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

In-kind contributions

Donated materials and services have been received by the Foundation but are not recognized in the financial statements because of the difficulty in verifying their fair value.

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Notes to Financial Statements

Year Ended December 31, 2016

(Unaudited)

3. DEFERRED CONTRIBUTIONS

Deferred contributions consists of unspent resources that are externally restricted for trips, stoves, scholarships and other programs, and restricted operating funding received in the current period that is related to the subsequent period. Changes in the deferred contributions balance are as follows:

| | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|
| Balance, beginning of year | \$ 92,103 | \$ 97,187 |
| Less amounts recognized as revenue in the year | (59,193) | (97,187) |
| Add amounts received related to the following year | <u>25,806</u> | <u>92,103</u> |
| Balance, end of year | <u>\$ 58,716</u> | <u>\$ 92,103</u> |

4. FINANCIAL INSTRUMENTS

The carrying values of the Foundation's financial instruments, comprising cash, other receivables and accounts payable, approximate their fair values. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant credit, interest rate, liquidity or market risks arising from these financial instruments.

The following provides information about the Foundation's risk exposure as of December 31, 2016:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a significant loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk on its cash. These risks are minimized substantially by ensuring that cash is held at a major Canadian chartered bank.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Foundation is exposed to interest rate risk due to fluctuations in the market interest rates it earns on investments. The Foundation does not use financial instruments to reduce its interest rate exposure.

5. TANGIBLE CAPITAL ASSETS

No tangible capital assets were purchased during the year (2015: none).
