

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Financial Statements

Year Ended December 31, 2017

(Unaudited)



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, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Hearts and Hands Foundation for Humanitarian Assistance as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Canmore, AB

June 25, 2018

Lockwood Doyle Professional Corporation
Chartered Professional Accountants

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Statement of Financial Position

December 31, 2017

(Unaudited)

| | 2017 | 2016 |
|------------------------------------|------------------|------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 59,967 | \$ 96,316 |
| Goods and services tax recoverable | 268 | 421 |
| Other receivables | 569 | 1,725 |
| Prepaid expenses | 15,664 | 92 |
| | <u>\$ 76,468</u> | <u>\$ 98,554</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable | \$ 8,381 | \$ 1,995 |
| Deferred contributions (Note 3) | 50,340 | 58,716 |
| | 58,721 | 60,711 |
| NET ASSETS | | |
| Unrestricted | <u>17,747</u> | <u>37,843</u> |
| | <u>\$ 76,468</u> | <u>\$ 98,554</u> |

On behalf of the Board

_____ *Director*

_____ *Director*

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Statement of Operations

Year Ended December 31, 2017

(Unaudited)

| | 2017 | 2016 |
|---|---------------------------|---------------------------|
| REVENUES | | |
| Unrestricted donations | \$ 16,557 | \$ 7,973 |
| Restricted donations | 98,553 | 141,256 |
| Fundraising | 2,519 | 15,017 |
| Interest income | 411 | 495 |
| | <u>118,040</u> | <u>164,741</u> |
| EXPENSES | | |
| Advertising and promotion | 19 | 31 |
| Fundraising expenses | - | 5,886 |
| Insurance | 1,103 | 1,103 |
| Interest and bank charges | 556 | 620 |
| Office and general | 490 | 748 |
| Professional fees | 1,948 | 1,948 |
| Sub-contracts | 17,465 | 18,185 |
| | <u>21,581</u> | <u>28,521</u> |
| EXCESS OF REVENUE OVER EXPENSES BEFORE DONATIONS | 96,459 | 136,220 |
| DONATIONS | <u>(116,555)</u> | <u>(147,654)</u> |
| DEFICIENCY OF REVENUE OVER DISBURSEMENTS | <u>\$ (20,096)</u> | <u>\$ (11,434)</u> |

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Statement of Changes in Net Assets

Year Ended December 31, 2017

(Unaudited)

| | Unrestricted | Restricted | 2017 | 2016 |
|--|--------------|------------|-----------|-----------|
| Net assets - beginning of year | \$ 37,843 | \$ - | \$ 37,843 | \$ 49,277 |
| Deficiency of revenue over disbursements | (20,096) | - | (20,096) | (11,434) |
| Net assets - end of year | \$ 17,747 | \$ - | \$ 17,747 | \$ 37,843 |

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Statement of Cash Flows

Year Ended December 31, 2017

(Unaudited)

| | <u>2017</u> | <u>2016</u> |
|---|-------------------------|-------------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenue over disbursements | <u>\$ (20,096)</u> | <u>\$ (11,434)</u> |
| Changes in non-cash working capital: | | |
| Other receivables | 1,156 | (1,725) |
| Accounts payable | 6,389 | 53 |
| Deferred income | (8,376) | (33,387) |
| Prepaid expenses | (15,575) | 17,655 |
| GST receivable | 153 | 208 |
| | <u>(16,253)</u> | <u>(17,196)</u> |
| DECREASE IN CASH FLOW | (36,349) | (28,630) |
| Cash and cash equivalents - beginning of year | <u>96,316</u> | <u>124,946</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 59,967</u> | <u>\$ 96,316</u> |

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Notes to Financial Statements

Year Ended December 31, 2017

(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, 2017

(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:

| | 2017 | 2016 |
|--|------------------|------------------|
| Balance, beginning of year | \$ 58,716 | \$ 92,103 |
| Less amounts recognized as revenue in the year | (44,824) | (59,193) |
| Add amounts received related to the following year | 36,448 | 25,806 |
| Balance, end of year | <u>\$ 50,340</u> | <u>\$ 58,716</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, 2017:

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 (2016: none).
