

**CANADIAN HUMANITARIAN ORGANIZATION FOR INTERNATIONAL RELIEF**

**Financial Statements**

**March 31, 2015**

**Management's Responsibility**

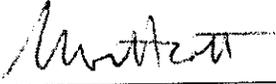
To the Members of Canadian Humanitarian Organization for International Relief:

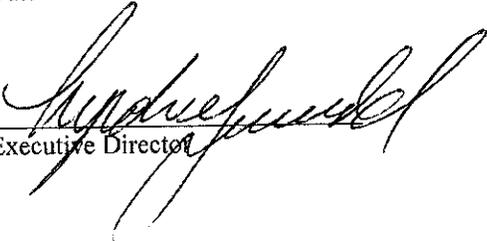
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board is composed of volunteers who are not employees of the organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Board is also responsible for recommending the appointment of the organization's external auditors.

Holm Raiche Oberg, Chartered Professional Accountants P.C. Ltd., an independent firm of chartered professional accountants, is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and administration to discuss their audit findings.

  
\_\_\_\_\_  
Chairperson

10 Nov 15  
\_\_\_\_\_  
Date  
  
\_\_\_\_\_  
Executive Director

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Canadian Humanitarian Organization for International Relief

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Canadian Humanitarian Organization for International Relief, which comprise the statement of financial position as at March 31, 2015 and the statements of revenues and expenditures, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Basis for Qualified Opinion*

In common with many charitable organizations, Canadian Humanitarian Organization for International Relief derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Canadian Humanitarian Organization for International Relief. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses, current assets and net assets.

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Graham K. Holm, CPA, CA\*    Loralie A. Raiche, CPA, CA, CFP\*    Dallan D. Oberg, CPA, CA\*

B.W. Svenkeson, CPA, CA\*, Associate

\*Denotes a professional corporation

Independent Auditor's Report to the Members of Canadian Humanitarian Organization for International Relief  
(continued)

*Qualified Opinion*

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Humanitarian Organization for International Relief as at March 31, 2015 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.

North Battleford, Saskatchewan  
November 10, 2015

*Holm Raiche Oberg*  
Chartered Professional Accountants

**CANADIAN HUMANITARIAN ORGANIZATION FOR INTERNATIONAL RELIEF****Statement of Financial Position****March 31, 2015**

	2015	2014
<b><u>ASSETS</u></b>		
<b>Current</b>		
Cash	\$ 53,145	\$ 92,550
Accounts receivable (Note 3)	4,040	-
Goods and services tax receivable	2,218	3,334
Prepaid expenses	1,454	515
	<u>60,857</u>	96,399
<b>Investments (Note 4)</b>	3,516	39,522
<b>Notes receivable (Note 5)</b>	<u>38,950</u>	35,000
	<u>\$ 103,323</u>	<u>\$ 170,921</u>
<b><u>LIABILITIES</u></b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 8,599	\$ 9,884
Deferred revenue (Note 6)	28,200	17,045
	<u>36,799</u>	26,929
<b><u>NET ASSETS</u></b>		
<b>Unrestricted</b>	<u>66,524</u>	143,992
	<u>\$ 103,323</u>	<u>\$ 170,921</u>

**On behalf of the Board**\_\_\_\_\_  
Director

See notes to financial statements

**CANADIAN HUMANITARIAN ORGANIZATION FOR INTERNATIONAL RELIEF****Statement of Revenues and Expenditures  
for the year ended March 31, 2015**

	2015	2014
<b>Revenue</b>		
Contributions	\$ 344,673	\$ 352,559
Fundraising	447,192	485,654
Subsidies and grants	19,876	14,637
	<u>811,741</u>	<u>852,850</u>
<b>Expenses</b>		
Advertising	-	2,753
Bank charges and interest	431	167
Fundraising	85,463	131,448
Insurance	3,150	2,725
Office and other costs	27,888	17,155
Professional fees	5,978	10,974
Programs, projects, and expeditions	605,297	621,078
Rent	11,350	11,050
Telephone	1,841	2,031
Utilities	945	1,230
Wages and benefits	151,327	122,833
	<u>893,670</u>	<u>923,444</u>
<b>Deficiency of revenue over expenses from operations</b>	<u>(81,929)</u>	<u>(70,594)</u>
<b>Other income</b>		
Foreign exchange gain (loss)	2,512	(11)
Interest from other sources	1,852	-
Investment income	343	2,132
Gain (loss) on disposal of investments	2,756	(2,785)
Unrealized (loss) gain on marketable securities	(3,002)	2,907
	<u>4,461</u>	<u>2,243</u>
<b>Deficiency of revenue over expenses</b>	<u>\$ (77,468)</u>	<u>\$ (68,351)</u>

**CANADIAN HUMANITARIAN ORGANIZATION FOR INTERNATIONAL RELIEF****Statement of Changes in Net Assets  
for the year ended March 31, 2015**

	2015	2014
<b>Net assets - beginning of year</b>	<b>\$ 143,992</b>	<b>\$ 212,343</b>
Deficiency of revenue over expenses	<u>(77,468)</u>	<u>(68,351)</u>
<b>Net assets - end of year</b>	<b><u>\$ 66,524</u></b>	<b><u>\$ 143,992</u></b>

**CANADIAN HUMANITARIAN ORGANIZATION FOR INTERNATIONAL RELIEF**

**Statement of Cash Flows**  
**for the year ended March 31, 2015**

	2015	2014
<b>Operating activities</b>		
Cash receipts from customers	\$ 821,369	\$ 830,729
Cash paid to suppliers and employees	(894,779)	(919,047)
Interest received	1,852	-
Dividend income	343	2,132
	<u>(71,215)</u>	<u>(86,186)</u>
Cash flow used by operating activities		
<b>Investing activities</b>		
Repayment of loans and notes receivable	35,000	-
Addition to loans and notes receivable	(38,950)	(35,000)
Proceeds from sale of marketable securities	52,106	86,669
Purchase of investments	(16,346)	(23,665)
	<u>31,810</u>	<u>28,004</u>
Cash flow from investing activities		
<b>Decrease in cash flow</b>	<b>(39,405)</b>	<b>(58,182)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>92,550</b>	<b>150,732</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 53,145</b>	<b>\$ 92,550</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	<b>\$ 53,145</b>	<b>\$ 92,550</b>

**CANADIAN HUMANITARIAN ORGANIZATION FOR INTERNATIONAL RELIEF****Notes to Financial Statements****March 31, 2015**

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**1. Nature of the organization**

Canadian Humanitarian Organization for International Relief is a national organization formed to provide the basic necessities of life such as nutrition, shelter, health care, and education to disadvantaged children around the world. The organization is incorporated under the *Non-Profit Corporations Act of Canada* as a not-for-profit organization and is a registered charity under the provisions of the *Income Tax Act*.

**2. Significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Outlined below are those policies the organization considered particularly significant.

Cash and cash equivalents

The organization's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, bank lines of credit and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the organization cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

Investments

Investments, which consist entirely of shares of publicly traded companies on Canadian stock exchanges, are carried at fair value. The fair value of investments held at the date of transition became their deemed cost.

Income taxes

The organization is a non-profit organization as defined in the *Income Tax Act* and, as such, is exempt from income taxes.

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 revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest and dividend revenue is recognized as revenue when received or receivable and the amount can be reasonably estimated and collection is reasonably assured.

Donated materials and services

Donated materials and services have been reflected in the accompanying financial statements when their fair value can be reasonably estimated and when the materials and services are used in the normal course of the organization's operations. Because of the difficulty of determining the fair value of contributed services, they have not been recognized in the financial statements.

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**CANADIAN HUMANITARIAN ORGANIZATION FOR INTERNATIONAL RELIEF****Notes to Financial Statements****March 31, 2015****2. Significant accounting policies (continued)**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 rate 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.

Measurement uncertainty

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- the allowance for doubtful accounts;
- the recoverability of long-term investments.

**3. Accounts receivable**

	<u>2015</u>	<u>2014</u>
Amounts receivable from EDEN Angel Investment Corp (EDNE AIC)	\$ 3,406	\$ -
Accrued interest receivable from EDEN AIC	<u>634</u>	<u>-</u>
	<u>\$ 4,040</u>	<u>\$ -</u>

**4. Investments**

	<u>2015</u>	<u>2014</u>
CIBC investors edge - broker account	\$ 176	\$ -
Hub Capital - broker account	<u>3,340</u>	<u>39,522</u>
	<u>\$ 3,516</u>	<u>\$ 39,522</u>

**CANADIAN HUMANITARIAN ORGANIZATION FOR INTERNATIONAL RELIEF****Notes to Financial Statements****March 31, 2015****5. Notes receivable**

	<u>2015</u>	<u>2014</u>
Promissory note #1	\$ -	\$ 15,037
Promissory note #2	-	14,000
Promissory note #3	-	5,963
The promissory note #4 is unsecured. Semi-annual payments are interest only at a rate of 3%. The note matures May, 2019.	<b>3,000</b>	-
The promissory note #5 is unsecured. Semi-annual payments are interest only at a rate of 3%. The note matures September, 2019.	<b>350</b>	-
The promissory note #6 is unsecured. Semi-annual payments are interest only at a rate of 3%. The note matures October, 2019.	<b>100</b>	-
The promissory note #7 is unsecured. Semi-annual payments are interest only at a rate of 3%. The note matures November, 2019.	<b>20,000</b>	-
The promissory note #8 is unsecured. Semi-annual payments are interest only at a rate of 3%. The note matures November, 2019.	<b>5,000</b>	-
The promissory note #9 is unsecured. Semi-annual payments are interest only at a rate of 3%. The note matures June, 2019.	<b>7,000</b>	-
The promissory note #10 is unsecured. Semi-annual payments are interest only at a rate of 3%. The note matures June, 2019.	<b>3,500</b>	-
	<b>38,950</b>	35,000
Amounts receivable within one year	-	-
	<b>\$ 38,950</b>	<b>\$ 35,000</b>

All notes are receivable from EDEN AIC which is a related party. See note 7 for more details.

**6. Deferred revenue**

	<u>2015</u>	<u>2014</u>
Deferred Revenue	<b>\$ 28,200</b>	<b>\$ 17,045</b>

Deferred revenue consists of deposits paid for future expeditions. All of the prior year deferred revenue was recognized during the year.

**CANADIAN HUMANITARIAN ORGANIZATION FOR INTERNATIONAL RELIEF****Notes to Financial Statements****March 31, 2015**

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**7. Related party transactions**

During the year the organization advanced \$38,950 (2014 - \$35,000) to EDEN AIC in the form of promissory notes. During the year the organization received repayments of promissory notes in the amount of \$35,000 (2014 - \$0). The organization also collected interest from EDEN AIC in the amount of \$1,218 (2014 - \$0) relating to the promissory notes.

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

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. Financial instruments**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2015.

**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.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to currency and interest rate risk.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The organization does not have a significant number of customers which increases concentration of credit risk. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. There is no allowance for doubtful accounts as of March 31, 2015 and 2014.

**Currency risk**

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The organization does not use derivative instruments to reduce its exposure to foreign currency risk.

**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. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

**CANADIAN HUMANITARIAN ORGANIZATION FOR INTERNATIONAL RELIEF**

**Notes to Financial Statements**

**March 31, 2015**

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**9. Comparative figures**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.