

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Financial Statements

Year Ended December 31, 2018



LOCKWOOD DOYLE
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of Hearts and Hands Foundation for Humanitarian Assistance

We have reviewed the accompanying financial statements of Hearts and Hands Foundation for Humanitarian Assistance that comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in net assets and cash flow 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.

Basis for Qualified Conclusion

In common with many charitable organizations, Hearts and Hands Foundation for Humanitarian Assistance derives part of its revenue in the form of donations, which are not subject to complete review verification. Accordingly, our review of this income was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue from donations, excess of revenues over expenses, statement of financial position and cash flows from operations.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the *Basis for Qualified Conclusion* paragraph, 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, 2018, 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.

Canmore, AB

June 20, 2019

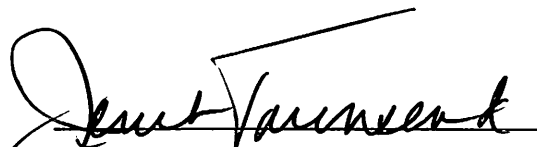
Chartered Professional Accountants

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE
Statement of Financial Position
December 31, 2018

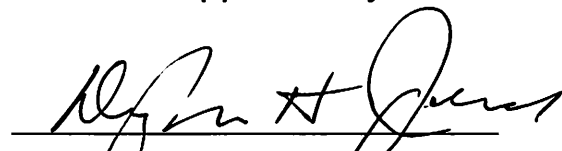
	2018	2017
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 32,882	\$ 59,967
Goods and services tax recoverable	297	268
Other receivables	808	569
Prepaid expenses	-	15,664
	\$ 33,987	\$ 76,468
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 1,996	\$ 8,381
Deferred contributions (Note 3)	7,787	50,340
	9,783	58,721
 NET ASSETS		
Unrestricted	24,204	17,747
	\$ 33,987	\$ 76,468

Approval Statement:

This financial statement has been reviewed and approved by:


 Janet Townsend - President

Aug. 21/19
 Date


 Doug Jones - Treasurer

21 August 2019
 Date

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Statement of Operations

Year Ended December 31, 2018

	2018	2017
REVENUES		
Restricted donations	\$ 118,615	\$ 98,553
Undesignated donations	24,703	16,557
Fundraising	9,425	2,519
Interest income	261	411
	<u>153,004</u>	<u>118,040</u>
EXPENSES		
Advertising and promotion	130	19
Fundraising expenses	1,872	-
Insurance	1,103	1,103
Interest and bank charges	299	556
Office and general	879	490
Professional fees	1,948	1,948
Sub-contracts	17,160	17,465
	<u>23,391</u>	<u>21,581</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE DONATIONS	129,613	96,459
DONATIONS	(123,156)	(116,555)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 6,457	\$ (20,096)

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Statement of Changes in Net Assets

Year Ended December 31, 2018

	Unrestricted	Restricted	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 17,747	\$ -	\$ 17,747	\$ 37,843
Excess (deficiency) of revenues over expenses	6,457	-	6,457	(20,096)
NET ASSETS - END OF YEAR	<u>\$ 24,204</u>	<u>\$ -</u>	<u>\$ 24,204</u>	<u>\$ 17,747</u>

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

**Statement of Cash Flow
Year Ended December 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	<u>\$ 6,457</u>	<u>\$ (20,096)</u>
Changes in non-cash working capital:		
Other receivables	(239)	1,156
Accounts payable	(6,387)	6,388
Deferred contributions	(42,553)	(8,376)
Prepaid expenses	15,666	(15,574)
Goods and services tax payable	(29)	153
	<u>(33,542)</u>	<u>(16,253)</u>
DECREASE IN CASH FLOW	(27,085)	(36,349)
Cash - beginning of year	<u>59,967</u>	<u>96,316</u>
CASH - END OF YEAR	<u>\$ 32,882</u>	<u>\$ 59,967</u>

See notes to financial statements

HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Notes to Financial Statements

Year Ended December 31, 2018

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 (ASNFPPO).

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.

Interest income is recognized on a time proportion basis.

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.

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HEARTS AND HANDS FOUNDATION FOR HUMANITARIAN ASSISTANCE

Notes to Financial Statements

Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed goods and services

Contributed goods and services are recognized in the financial statements at the fair market value of the goods and services received.

The work of the Foundation is accomplished by a significant contribution of voluntary services. Due to the difficulty in determining their fair value, contributed services by volunteers are not recognized in the financial statements.

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>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 50,340	\$ 58,716
Less amounts recognized as revenue in the year	(49,851)	(44,824)
Add amounts received related to the following year	<u>7,298</u>	<u>36,448</u>
Balance, end of year	<u>\$ 7,787</u>	<u>\$ 50,340</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, 2018:

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 and accounts receivable. Credit risk associated with cash is minimized substantially by ensuring that cash is held at a major Canadian chartered bank. The Foundation's policy is not to record accounts receivable unless collection is reasonably assured.

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 (2017: none).
