

Financial Statements of

**FOCUS HUMANITARIAN  
ASSISTANCE CANADA**

Year ended December 31, 2020

# FOCUS HUMANITARIAN ASSISTANCE CANADA

## Statement of Financial Position (Unaudited)

December 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 892,044	\$ 2,194,589
Short-term investments (note 2)	2,923,072	3,419,929
Harmonized sales tax recoverable	27,600	5,948
Prepaid and other receivables	1,999,180	1,370,913
Receivable from [REDACTED] units (note 3)	58,740	611,757
Receivable from [REDACTED] affiliates, net (note 4)	1,808,811	—
	<b>7,709,447</b>	<b>7,603,136</b>
Long-term investments (note 2)	—	—
Capital assets (note 5)	4,666	7,488
	<b>\$ 7,714,113</b>	<b>\$ 7,610,624</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 225,256	\$ 57,242
Payable to [REDACTED] affiliates, net (note 4)	—	12,832
	<b>225,256</b>	<b>70,074</b>
Net assets:		
Invested in capital assets	4,666	7,488
Unrestricted	7,484,191	7,533,062
	<b>7,488,857</b>	<b>7,540,550</b>
Commitments (note 7)		
Subsequent event (note 9)		
	<b>\$ 7,714,113</b>	<b>\$ 7,610,624</b>

See accompanying notes to financial statements.

# FOCUS HUMANITARIAN ASSISTANCE CANADA

Statement of Operations (Unaudited)

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
<b>Revenue:</b>		
Contributions	\$ 5,130,611	\$ 5,945,845
Grants (note 6)	2,695,320	908,860
Investment	32,696	69,589
	<u>7,858,627</u>	<u>8,045,592</u>
<b>Expenses:</b>		
Disaster prevention, mitigation and preparedness	94,188	69,089
Refugee and internally displaced persons assistance	715,447	776,177
Operational strengthening	312,071	336,036
Direct contributions to other affiliates and [REDACTED] units	6,233,768	4,638,536
	<u>7,355,474</u>	<u>5,819,838</u>
General and administrative	516,612	458,327
Foreign exchange loss (gain)	38,234	54,848
	<u>7,910,320</u>	<u>6,333,013</u>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (51,693)</b>	<b>\$1,712,579</b>

See accompanying notes to financial statements.

# FOCUS HUMANITARIAN ASSISTANCE CANADA

## Statement of Changes in Net Assets (Unaudited)

Year ended December 31, 2020, with comparative information for 2019

	2020			2019
	Invested in capital assets	Unrestricted	Total	Total
Net assets, beginning of year	\$ 7,488	\$7,533,062	\$ 7,540,550	\$ 5,827,971
Excess (deficiency) of revenue over expenses	(4,329)	(47,364)	(51,693)	1,712,579
Investment in capital assets	1,507	(1,507)	—	—
Net assets, end of year	\$ 4,666	\$ 7,484,191	\$ 7,488,857	\$ 7,540,550

See accompanying notes to financial statements.

# FOCUS HUMANITARIAN ASSISTANCE CANADA

## Statement of Cash Flows (Unaudited)

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (51,693)	\$1,712,579
Amortization of capital assets which does not involve cash	4,329	6,259
Change in non-cash operating working capital:		
Receivable from [REDACTED] units	553,016	614,945
Prepaid and other receivables	(628,267)	(1,215,539)
Harmonized sales tax recoverable	(21,652)	831
Accounts payable and accrued liabilities	168,015	(940)
Payable /(Receivable) to /from [REDACTED] affiliates, net	(1,821,643)	3,198
	(1,797,895)	1,121,333
Investing activities:		
Purchase of capital assets	(1,507)	(4,419)
Disposition of investments	496,857	1,068,173
Purchase of investments	-	(2,263,405)
	495,350	(1,199,651)
Increase (decrease) in cash	(1,302,545)	(78,318)
Cash, beginning of year	2,194,589	2,272,907
Cash, end of year	\$ 892,044	\$ 2,194,589

See accompanying notes to financial statements.

# FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements

Year ended December 31, 2020

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Focus Humanitarian Assistance Canada (the "Organization") was incorporated on April 22, 1994 under the Canada Corporations Act as a corporation without share capital, and was continued under the Canada Not-for-profit Corporations Act on August 5, 2014, and is registered as a charitable organization under the Income Tax Act (Canada). Accordingly, the Organization is not subject to income taxes and is able to issue donations receipts for income tax purposes.

The Organization is part of an international group of agencies established in Europe, North America and South and Central Asia, to complement and facilitate the provision of emergency relief, principally in the developing world. The Organization helps people in need reduce their dependence on humanitarian aid and facilitates their transition to sustainable self-reliant long-term development. The Organization has entered into memoranda of agreement with [REDACTED]

[REDACTED] units") to respond collaboratively to international humanitarian emergencies and other charitable activities through these agencies. The Organization will from time to time partner with the [REDACTED] a group of institutions working to improve opportunities and living conditions for people of all faiths and origins, in specific regions of the developing world.

## 1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### (a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

Restricted contributions, such as grants for specific project expenses, are recognized as revenue in the year in which the related expenses are incurred and recorded. Donor restricted donations for specific purposes are recorded as deferred contributions when collected and subsequently recognized as revenue when these funds are utilized in accordance with donor restrictions.

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. Pledged donations are recorded only when received.

# FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 1. Significant accounting policies (continued):

### (b) Investments:

The majority of investments consist of guaranteed investment certificates and money market mutual funds. The investments are recorded at fair market value.

Market value of investments is determined based on bid prices or cost plus accrued income, which approximates fair value. Transactions are recorded on a settlement date basis and transaction costs are expensed as incurred.

Investment income, which consists of interest, is recorded on accrual basis as revenue in the statement of operations. Unrealized gains or losses resulting from change in fair market value of investments are recognized as revenue or expenses in the statement of operations.

### (c) Capital assets:

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Computer equipment	3 years
Computer software	3 years
Furniture and fixtures	4 years
Leasehold improvements	Lesser of lease term and useful life

Capital assets acquired during the year but not placed into use are not amortized until they are placed into service. The Organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital assets are less than their net carrying amounts.

Capital assets acquired for direct use in donor-funded projects are expensed in the year of acquisition as the Organization is not entitled to ownership.

# FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 1. Significant accounting policies (continued):

### (d) Foreign currency translation:

Monetary items denominated in a foreign currency and non-monetary items carried at market are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses are translated at average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are recorded in the statement of operations.

### (e) Contributed materials and services:

The Organization recognizes the contribution of materials at fair value when it can be reasonably estimated, when it is used in the normal course of operations and would have been otherwise purchased.

Volunteers contribute many hours each year to assist the Organization in fundraising activities. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry financial assets with actively traded markets at fair value, with any unrealized gains and losses reported in the statement of operations.

Transaction costs incurred on the acquisition, sale, or issue of financial instruments are expensed when incurred.

# FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (g) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. Amounts subject to significant estimates and assumptions include the carrying value of capital assets and accrued liabilities. Such estimates are periodically reviewed and any adjustments necessary are reported in the statement of operations in the year in which they become known. Actual results could differ from these estimates.

## 2. Investments:

	2020		2019	
	Cost	Market value	Cost	Market value
<b>Short-term investments:</b>				
Guaranteed Investment Certificates	\$ 2,000,000	\$ 2,009,554	\$ 2,862,000	\$ 2,902,348
Money market mutual funds	913,518	913,518	517,586	517,581
	<b>\$ 2,913,518</b>	<b>\$ 2,923,072</b>	<b>\$ 3,379,586</b>	<b>\$ 3,419,929</b>
<b>Long-term investments:</b>				
Guaranteed Investment Certificates	\$ -	\$ -	\$ -	\$ -

# FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 2. Investments (continued):

The investments are held by the Organization with major Canadian financial institutions earning interest at 1.0% a year (2019 - 1.40% to 2.25%) with maturity date of February 22, 2021 (2019 - March 9, 2020 to May 26, 2020). Interest is received on the maturity date; however, it is recorded by the Organization on an accrual basis.

## 3. Receivable from [REDACTED] units:

	2020	2019
[REDACTED]	\$ 362,503 (303,763)	\$ 361,721 250,036
	\$ 58,740	\$ 611,757

The amounts receivable from [REDACTED] units are non-interest bearing, have no set repayment terms and are unsecured.

## 4. Receivable from (payable to) [REDACTED] affiliates:

	2020	2019
[REDACTED]	\$ (12,579) 1,821,390	\$ (12,832) -
	\$1,808,811	\$ (12,832)

The amounts receivable from (payable to) [REDACTED] affiliates units are non-interest bearing, have no set repayment terms and are unsecured.

# FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 5. Capital assets:

			2020	2019
	Cost	Accumulated Amortization	Net book value	Net book value
Computer equipment	\$ 110,866	\$ 106,200	\$ 4,666	\$ 7,286
Computer software	14,089	14,089	—	—
Furniture and fixtures	54,597	54,597	—	202
Leasehold improvements	16,373	16,373	—	—
	<b>\$ 195,925</b>	<b>\$ 191,258</b>	<b>\$ 4,666</b>	<b>\$ 7,488</b>

## 6. Grants:

The following is the breakdown of grants recognized during the year:

	2020	2019
	\$292,718	\$ 125,046
	829,367	354,297
	1,122,085	479,343
	1,267,826	
Citizenship and Immigration Canada	305,409	429,517
	<b>\$ 2,695,320</b>	<b>\$ 908,860</b>

# FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 6. Grants (continued):

Grants include amounts receivable from [REDACTED] units in respect of their share of the agreed program-related direct charitable expenditure incurred by the Organization, and allocated based upon agreements reached by these units as follows:

	2020	2019
[REDACTED]	15.0%	15.0%
[REDACTED]	42.5%	42.5%

## 7. Commitments:

The Organization is committed to minimum annual rental payments under various operating leases as follows:

	Total
2021	\$ 54,468

## 8. Financial risks and risk management:

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 at year end:

### (a) Credit risk:

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Organization has minimized its exposure to credit risk relating to bank balances and investments, as the majority of these are in guaranteed investment certificates and in money market mutual funds held for the accounts of the Organization at major Canadian financial institutions.

# FOCUS HUMANITARIAN ASSISTANCE CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 8. Financial instruments (continued):

### (b) Currency risk:

Currency risk is the risk to the Organization 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.

### (c) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations in a timely basis or at a reasonable cost.

The Organization manages its liquidity risk by monitoring actual and projected cash disbursements against funding received or to be received from operations. The Organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no significant change to the risk exposures from 2019.

## 9. Comparative information:

The financial statements have been reclassified, where applicable, to conform to presentation used in the current year.